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Tariff Authority for Major Ports

G No. 60

New Delhi,

19 February 2014

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the V.O. Chidambaranar Port Trust for notification of Reference tariff for deployment of floating crane for anchorage handling of vessels having draft more than 12.8 mtr. in V.O. Chidambaranar Port under Revised Guidelines for Determination of Tariff for Port Projects at Major Ports, 2013, which were notified vide Notification No.TAMP/18/2013-Misc. dated 30 September 2013 vide Gazette No. 254 as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/53/2013-VOCPT

V.O. Chidambaranar Port Trust

Applicant

QUORUM:

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

O R D E R

(Passed on this 23rd day of December 2013)

The Ministry of Shipping (MOS) has issued Revised Guidelines for Determination of Tariff for Port Projects at Major Ports, 2013 under Section 111 of the Major Port Trusts Act and made effective from 9 September 2013. The said revised guidelines were notified in the Gazette of India on 30 September 2013 vide Gazette No.254.

2.1. The V.O. Chidambaranar Port Trust (VOCPT) under cover of its letter dated 22 October 2013 submitted a proposal for notification of Reference tariff for deployment of floating crane for handling of vessels at anchorage having draft more than 12.8 mtr. in V.O. Chidambaranar Port, under the Revised Guidelines.

2.2. The main points made by the VOCPT in its proposal are summarized below:

- (i). The port is having a draught of 12.80 mtr. at Approach Channel, harbour basin and in respect of Berths No.VIII & IX, Coal Jetty I & II, Oil Jetty and NCB-I. The Berth No. VIII which has so far been used as multipurpose berth has been given on PPP mode to M/s.Dhakshin Bharath Gateway Terminal Ltd., for operation as Container Terminal. Therefore, the port has only one deep draft berth of 12.8 mtr. (i.e.) berth no.IX and 10.70 mtr. draft at VOC Berth No. III & IV.
- (ii). The current arrival pattern of vessels indicate that the port is required to facilitate discharge of cargo at anchorage in respect of vessels with draught beyond 12.8 mtr. prior to handling at berth no. IX (or) VOC Berth No.III & IV and other berths.
- (iii). In order to improve the traffic handled through the port, it is proposed to introduce floating crane operation at anchorage so as to facilitate discharge of cargo of deep draught vessels beyond 12.8 mtr. prior to berthing at other berths. The arrangement is proposed to be made among the existing stevedores/ prospective stevedores who are required to register themselves with the port. The proposal in this regard has been submitted to the Ministry of Shipping for approval.
- (iv). In this connection, as per Guidelines for Determination of Tariff for Projects at Major Ports, 2013 notified by the TAMP on 30 September 2013, Reference Tariff is to be fixed for each commodity/ category of commodities and each service/ category of service or combination of service in respect of projects to be awarded by any Major Port Trust or for which RFPs are issued after the date of issue of these guidelines as per para 2.2 read with para 1.4 of the guidelines.
- (v). As per para 2.2 of the guidelines, in case no tariff has been fixed for a particular commodity in a particular Major Port Trust under the 2008 Guidelines, then the concerned port can propose to TAMP any other tariff fixed under the 2008 guidelines in any other major Port Trust which is representative enough for that commodity giving detailed and sufficient justification.
- (vi). With reference to its subject project, the VOCPT has proposed rate for the deployment of floating crane notified in Kandla Port Trust vide Gazette No.173 dated 16 August 2012 and sought sanction of the same as Reference Tariff for prescribing the rate for floating crane for anchorage handling at VOCPT.

3.1. On scrutiny of the proposal filed by the VOCPT, it was observed that the proposal of the port had significant deficiencies, as brought out in the succeeding paragraph. Therefore, the VOCPT proposal dated 22 October 2013 was returned to the port vide our letter dated 31 October 2013 pointing out the deficiencies and the port was requested to file a revised proposal complete in all respects following the provisions of Reference Tariff guidelines of 2013. The deficiencies pointed out by us and the response of the port vide its letter dated 6 November 2013 are tabulated below:

Sr. No.	Deficiencies pointed out by us	Reply furnished by VOCPT
(i).	The VOCPT has proposed to adopt upfront tariff rates notified for Kandla Port Trust (KPT) vide Order No.TAMP/45/2011-KPT dated 7 August 2012 stating that no upfront tariff rates are available for the proposed project in its own port. The said upfront tariff Order of KPT is for upgradation of Barge handling facilities at Bunder Basin. The KPT upfront tariff Order prescribes the tariff for floating crane at Outer Tuna Buoy as well as cargo handling charge, storage charge, miscellaneous charge and berth hire at Bunder Basin Barge Jetty. (a). It is understood that VOCPT proposes to adopt the upfront tariff rate relating to the floating crane only. (b). The proposal of VOCPT does not mention that the upfront tariff for floating crane approved for the KPT vide Order dated 7 August 2012 is representative enough for the commodity proposed to be handled at its port giving detailed and sufficient justification. (c). Further, the VOCPT has not furnished the project details and confirmation that the commodity envisaged to be handled at its port using floating crane is representative enough of the commodity proposed to be handled at the KPT whose upfront tariff the port proposes to adopt giving detailed and sufficient justification in terms of project cost, handling capacity, type of commodity, capital cost etc. as per Clause 2.2. of the Revised tariff guidelines of 2013.	(a). Yes. The proposal of the Port is to adopt the upfront tariff rate relating to floating crane only. (b). VOCPT proposes to handle cargoes like Coal and other bulk cargoes. The ratio of dry bulk and breakbulk (Steel & Timber) shall be similar to the model adopted at Kandla Port. (c). Project details as per Section IV of Tender document is furnished. It is confirmed that the commodity envisaged to be handled at anchorage are Coal and other bulk and break bulk cargoes. The project cost of ₹43.93 crores is as per Budgetary offer for floating crane and barge adopting the current exchange rate for Euro at ₹84.85 as compared to ₹69.31 adopted by KPT. The handling capacity of the crane as per recommendations of the OEM is 12,000-14,000 tonnes per day for unloading from mother vessel to barge.
(ii).	The proposal of VOCPT brings out the upfront tariff for floating crane notified in the KPT Order dated 7 August 2012. The VOCPT has not proposed Reference Tariff for the proposed project indexing the adopted upfront tariff approved in KPT Order dated 7 August 2012 to the 60% of the WPI as prescribed in Clause 2.2. of Revised tariff guidelines of 2013.	As the Port proposes to adopt the upfront tariff applicable for anchorage handling at Kandla Port Trust, the attached conditionalities including the indexation of the 2013 tariff also to be adopted. The rates adopting the increase of 4.53% as per TAMP Order No.TAMP/12/2009-Misc dated 2.4.2013 are furnished.
(iii).	Moreover, the proposal of VOCPT is not accompanied with the proposed Reference Tariff Schedule alongwith conditionalities	The proposed tariff and the attached conditionalities are furnished.

	governing the rates (to be) proposed. It may be noted that this Authority is mandated to fix not only tariff but also conditionalities governing the application of tariff.	
(iv).	The port has also not proposed Performance Standards Schedule for the subject project to be notified by TAMP alongwith the Reference Tariff Schedule.	Minimum Performance Standards incorporated in the tender schedule is furnished.

3.2. The main information / clarification arising out of port's letter dated 6 November 2013 was sought from the port, as detailed below, vide our letter dated 14 November 2013 requesting the port to file a revised proposal complete in all respects:

- (i). The reply of the VOCPT did not confirm that the commodities envisaged to be handled at its port using floating crane is identical to the commodity proposed to be handled at the KPT. The port had in a general way stated that the ratio of dry bulk and break bulk proposed to be handled under the subject proposal is similar to the model adopted at Kandla Port. The VOCPT to confirm whether the upfront tariff for floating crane adopted from the upfront tariff Order for upgradation of barge handling facility for KPT is representative enough with reference to its project giving detailed and sufficient justification in terms of project cost, handling capacity, type of commodity, capital cost etc. as per Clause 2.2. of the Revised tariff guidelines of 2013.
- (ii). The port to take into account the mismatch in the overall capital cost estimation for floating crane services and the variation in number of barges in the project envisaged by VOCPT vis-à-vis the project for upfront tariff for floating crane services at KPT adopted by VOCPT.
- (iii). With regard to the scope of work, the VOCPT was requested to examine and explain the following:
 - (a). The scope of work furnished by the port includes handling of cargo at shore (movement from barge to shore). However, the port had not proposed Reference Tariff for shore handling services envisaged to be offered by the Licensee. Hence, the Reference Tariff proposed by the port did not cover fully the scope of work envisaged by the port for the proposed project.
 - (b). Clause 1.2. of scope of work gave following options to the Licensee to provide shore handling facility for transfer of cargo from barges to shore:
 - (i). Licensee can bring his own crane for which the Licensee can collect charges as per upfront tariff approved by the Authority for VOCPT vide Order No.TAMP/16/2010-TPT date 23 July 2010 and pay revenue share @ 26.55% to the port.
 - (ii). Licensee can use port's wharf crane, if available, at the rates prescribed for wharf crane in the Scale of Rates of VOCPT.
 - (iii). Licensee may hire HMC operated by HMC operator in the port and pay charges at the rate approved by TAMP for HMC operator.

In this connection, it was observed that the entire arrangement envisaged in the scope of work for shore handling by the Licensee was found to be not in line with revised tariff guidelines of 2013. The scope of work envisaged by VOCPT gave Licensee various options, as listed above, for handling cargo from barge to shore and allowed Licensee to apply rates approved by the Authority for

VOCPT under 2005 guidelines or 2008 guidelines which was not found to be in line with the approach to be adopted by a Port Trust for formulation of Reference Tariff proposal under 2013 guidelines. Moreover, the scope of work pre-determines the revenue share receivable by the port from the Licensee at 26.55% for shore handling by Licensee using his own crane which is also not found to be in line with the provisions of 2013.

- (c). The reasons for giving multiple options to the Licensee for handling cargo at shore remained unexplained. Also, the entity who is finally responsible for handling cargo at shore from barges was not indicated.
- (d). As per clause 1.4 read with clause 2.3 of the revised guidelines of 2013, the concerned Major Port Trust has to submit proposal to TAMP for fixation of Reference Tariff for the projects for which RFPs are issued after the date of these guidelines. Clause 2.5. of the revised guidelines of 2013 requires the concerned Major Port Trust to include the Reference tariff along with Performance Standards notified by the Authority in the bid document based on which ports will invite bids for the project. In this context, the port was requested to note that as per the revised 2013 guidelines, the Reference tariff once approved by the Authority under 2013 guidelines will continue to apply for the entire project period except for annual indexation in the Reference Tariff at 60% of WPI as per clause 2.9. of the 2013 guidelines.

In case the Performance standards notified by the Authority based on the proposal to be filed by the VOCPT is achieved, then the operator would have the flexibility to seek tariff hike upto 15% subject to conditions stipulated in Section II (B)–Performance Linked Tariff for PPP operators in the tariff guidelines of 2013. This means, if no Reference Tariff is approved upfront before the bidding process is initiated by the port, as per 2013 guidelines, (in this case, reference tariff for shore handling operations) the successful operator would not have any recourse available to levy tariff for shore handling during the entire project period, if any services are offered by the operator for which Reference Tariff is not proposed by VOCPT and not approved upfront before the bidding process is initiated by the port.

- (iv). With regard to the proposed tariff schedule, the VOCPT was informed that the proposed tariff schedule attached with its letter dated 6 November 2013 did not contain definitions of some of the common terms as well as general conditions prescribed in the upfront tariff Order of KPT adopted by the VOCPT. The VOCPT was to give reasons, if any, of the definitions, general conditions prescribed in the adopted upfront tariff Order of KPT are not proposed to be included in its proposed Reference Tariff Schedule.
- (v). With regard to furnishing of Performance Standard, the port stated that the Minimum Performance Standards incorporated in the tender schedule is attached with its letter. On perusal of the said attachment it was seen that it related to Minimum Guaranteed Availability and Minimum Guarantee Efficiency of Floating Cranes and prescribed penalty linked to revenue share for shortfall in the minimum guarantee availability/ efficiency of floating crane.

4.1. In this backdrop, the VOCPT vide its letter dated 26 November 2013 has filed revised proposal for approval of the Reference Tariff for handling cargo by deployment of floating cranes at the V.O. Chidambaranar Port water limits for a period of 10 years at the anchorage on Revenue Share basis.

4.2. On a quick glance of the proposal, it was seen that the proposal of VOCPT was not accompanied with the Performance Standards Schedule despite specific advice rendered in our letter dated 14 November 2013. The port had also not forwarded the list of shortlisted bidders to be consulted on the subject proposal. Since both these documents were necessary to initiate consultation process on the subject proposal, the VOCPT was requested vide our letter dated 29 November 2013 to furnish above mentioned documents along with Feasibility Report for the project.

4.3. In response, the VOCPT vide its letter dated 29 November 2013 has furnished Performance Standards Schedule, list of prospective bidders and users and brief write up of the proposal.

4.4. The main points made by the VOCPT in its revised proposal dated 26 November 2013 and 29 November 2013 are summarized below:

- (i). The proposal is for anchorage operations and consequent shore handling so as to reduce the turnaround time of vessels at the port as per the Government directions.
- (ii). The successful bidder is to be a licensed stevedore of the port. The estimation of traffic and other potential for anchorage handling is not possible considering the need emanating out of port's dredging to 12.8 metres draft in 2011. In view of the above, the Feasibility Report is not prepared.
- (iii). The maximum draft available at Zone 'A' at the port is 12.8m. With this draught, only Handymax vessels with parcel size upto 50,000-T and geared Panamax vessels with load drawing upto 12.8m can come alongside the berth. Ships carrying cargo requiring draught beyond 12.8m are required to be handled at the anchorage to lighten the ships to reach the draught of 12.8m.
- (iv). Considering the economies of scale, there is a demand in the trade for handling panamax and super panamax vessels. Hence, the port has proposed to handle vessels carrying load beyond 12.8 mtrs. and vessels that cannot come to the inner harbour due to beam restriction at the anchorage itself through floating cranes.
- (v). The Ministry of Shipping vide its letter No.PD-25021/14/2013-VOCPT dated 20 November 2013 has conveyed its approval to the VOCPT for licensing two floating cranes for a period of 10 years. The port has, however, proposed to license one floating crane at the anchorage. Another floating crane will be licensed if the capacity of the first floating crane reaches 75% of the capacity estimated. Along with the floating crane, the VOCPT proposes to deploy shore handling facility at the shore through three barges and two excavators.
- (vi). The highlights of the proposal are given below:
 - (a). The dry bulk cargo items namely coal & coke, fertilizer, fertilizer raw material, limestone, gypsum and pulses are proposed to be handled. Further, based on the present cargo pattern, the share of dry bulk cargo is assumed to be 99%. Of the above items of cargoes, the port has assumed 5% will be coastal cargoes.
 - (b). The other cargo items namely timber and explosives are proposed to be handled. As per the present cargo pattern the share of other cargo is assumed to be 1%. The port has assumed that the other cargo will be foreign.

(c). The Optimal Capacity calculation of equipments is as follows:

(i). Floating Crane:

The port proposes tariff for unloading operations at the anchorage from ship to barges by use of one floating crane. The manufacturer has recommended cargo handling operation of 12000 tonnes to 14000 tonnes per day. Accordingly, the port has considered handling rate per hour of the dry bulk cargo at 583 tonnes taking into account maximum handling capacity of 14,000 tonnes per day. The handling rate for other cargo is adopted as 53.33% as done in the case of Kandla Port Trust (KPT).

Under “dry bulk cargo” category only coal is proposed to be handled and under “other cargo” category the steel and bagged cargo will be handled. The detailed working for calculating the optimal capacity of floating crane is as below:

[Later on, the VOCPT while responding to the queries raised by us has, *inter alia*, conveyed vide its letter dated 11 December 2013 that Timber Logs and explosives are “other cargo”.]

Sl. No.	Particulars	Estimates furnished by VOCPT
	Optimal capacity of the Floating crane	
(i).	Max. per hour volume (tonnes/hr) [14000/24*]	583.33
(ii).	Operating Load Factor (70%)	0.7
(iii).	Dry Bulk (tonnes/ hour)	408.33
(iv).	Other cargo (tonnes/ hour) (53.33%)	217.76
(v).	Operating hours in a day	24 hrs
(vi).	Cargo ratio	
	(a). Dry bulk	99%
	(b). Other cargoes	1%
(vii).	Cargo handling rates per day (tonnes/ days)	
	(a). Dry Bulk (408.33T/Hr*24 hrs)	9800
	(b). Break Bulk (217.76T/Hr*24 hrs)	5226
(viii).	Optimal capacity of the Floating crane [365*0.7*{(9800*99%)+(5226.24*1%)}] (in tonnes)	2492194
(ix).	Optimal capacity of the Floating crane (in Million Tonnes Per Annum)	2.49

(ii). Excavator:

The port has proposed to deploy two excavators for handling operations at the shore. The total handling rate of two excavators is considered at 630 Tones per hour for dry bulk cargo (315 tonnes per day per excavator) in line with the handling rate considered in the Kandla Port Trust of the same capacity excavator at 945 Tonne/ hour for 3 excavators. The working of the optimal capacity of the excavators furnished by VOCPT is as given below:

Sl. No.	Particulars	Estimates furnished by VOCPT
	Optimal capacity of the Shore handling	
(i).	Number of excavators (4.5 cum bucket capacity)	2

Sl. No.	Particulars	Estimates furnished by VOCPT
(ii).	Move per hour excavator	100
(iii).	Operating Load Factor (cargo lifted in a single move as percentage of maximum possible) [70%]	0.7
(iv).	Dry Bulk cargo handled in one hour by two excavators (tonnes/hour) (4.5 cum*1Ton/cum)*0.7*(100 tonnes/hour)*2	630
(v).	Operating hours per barge	3.17
(vi).	Total Hours for two excavators (2*365*24)	17,520
(vii).	Handling hours for two excavators	3,956
(viii).	Idle hours of excavators	13,564
(ix).	Cargo handling ratio	
	(a). Dry Bulk	99.00%
	(b). Others	1.00%
(x).	Optimal capacity of the Shore handling	2,492,194
(xi).	Optimal capacity of the Shore handling (in Million Tonnes Per Annum)	2.49

(Note: From the above working furnished by VOCPT it is not clear as to how capacity of 2 excavators comes to 2.49 MTPA.)

(vii). **Capital Cost:**

- (a). As the scope of the PPP project is limited to unloading of cargo in to barges at the anchorage and later unloading at the shore no capacity assessment of the yard is made. Similarly, no civil cost is considered in the project.
- (b). The total capital cost estimated for 1 number of floating crane of 35T capacity, 3 number of 2200 DWT capacity, barges and two excavators is explained below:
 - (i). Floating Crane - (35 Tonne Capacity)
₹2345.94 lakhs is considered as capital cost for Floating Crane, after adopting Euro exchange rate of ₹84.85 as on 18 September 2013 based on the Budgetary offer received from Liebherr Ltd. The detailed estimate of the Floating crane is furnished.
 - (ii). Self-Propelled Barges - (3 Nos. 2200 DWT Capacity)
₹2042.88 lakhs (₹680.96 lakhs per Barge) is considered as Capital cost for three barges based on the Budgetary offer received from M/s.Dempo Shipbuilding and Engineering Pvt. Ltd., Goa. The detailed estimate of the barge is furnished.
 - (iii). Excavator - (2 Nos. of 4.5 cum bucket capacity)
As the 4.5 cum bucket capacity excavator similar to Kandla Port proposal is taken, the same Capital cost of ₹6.07 crores per excavator is considered. Hence for 2 nos. of excavator the capital cost comes to ₹12.14 crores.
 - (iv). The port has also estimated miscellaneous cost @ 5% on each equipment cost as per the norms in the 2008 tariff guidelines.

- (v). To summarise, the total capital cost estimated by VOCPT is tabulated below:

Sl. No.	Equipment detail	Amount (₹ in lakhs)
(i).	35T Floating Crane (1 no.) and 3 Barges	4393.00
(ii).	Miscellaneous cost @ 5% of (i).	219.65
(iii).	Capital cost of floating crane and barge	4612.65
(iv).	Excavators (2 nos.) (proportionally for two excavators based on the cost taken in the KPT proposal - ₹1,821.64 per 3 barges	1214.43
(v).	Miscellaneous cost @ 5% of (iv).	60.72
(vi).	Capital cost of excavators	1275.15
(vii).	Total capital cost (iii + vi)	5887.80

(viii). **Operating Cost:**

(a). Fuel Cost for Floating Crane:

Fuel consumption of 96 liter per hour for 6156 working hours and 12 liters per hour for 2604 idle hours is considered. The unit rate of fuel at ₹67.75 per liter is considered and is supported with wholesale purchase rate of port.

(b). Fuel Cost for Barges:

Fuel consumption of 100 liters per hour for 1869 operational hours is considered for estimation of fuel cost. Fuel cost for idle hours is taken for 5081 hours and considered at 1/8 of it.

(c). Fuel cost for Excavator:

The quantum of fuel consumption for excavator is considered at 32 ltrs per hr. similar to Kandla Port Trust proposal. The total fuel consumption is considered for the annual actual working hours of 3956 hrs (24,92,194 tons capacity/ 630 tons/hrs).

- (d). The remaining parameters namely, R&M cost, insurance, depreciation & other expenses are considered as prescribed in the TAMP 2008 Guidelines. The depreciation on equipment is considered at 10.34% per annum as per the Companies Act, 1956.

- (e). The Operating cost estimated for floating crane with barges and excavators is tabulated below:

(i). Floating crane and Barges:

(₹ in lakhs)		
Sl. No.	Particulars	Amount
(i).	Fuel Cost	
	(a). Floating crane (for Working Hours = 96 ltrs/ hr*₹67.75*6156hrs) + (for Idle Hours=12ltrs/hr* ₹67.75*2604hrs)	421.56
	(b). Barges [100 ltrs /hrs*₹67.75*1869 Plus (100 ltrs*5681hrs*67.75/8)]	169.65
(ii).	Repair & Maintenance on Mechanical Assets (5% on equipment cost)	230.63
(iii).	Insurance (1% on equipment cost)	46.13

(iv).	Depreciation (10.34% on equipment cost)	476.95
(v).	Rent (license fee)	0
(vi).	Other expenses (5% on equipment cost)	230.63
	Total operating cost for Floating crane & barges	1575.55

(ii). Excavator:

(₹ in lakhs)

Sl. No.	Particulars	Amount
(i).	Fuel Cost (32ltrs/hr*₹67.75*3956 hours)	85.76
(ii).	Repair & Maintenance on Mechanical Assets (5% on equipment cost)	63.76
(iii).	Insurance (1% on equipment cost)	12.75
(iv).	Depreciation (10.34% on equipment cost)	131.85
(v).	Rent (license fee)	0
(vi).	Other expenses (5% on equipment cost)	63.76
	Total operating cost for Excavators	357.88

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

(x). Accordingly, the revenue requirement is estimated as follows:

(₹ in lakhs)

Sl. No.	Particulars	For Floating Crane	For Excavators
(i).	Capital cost	4612.65	1275.15
(ii).	ROCE @ 16%	738.02	204.02
(iii).	Operating cost	1575.55	357.88
(iv).	Total Revenue Requirement	2313.57	561.90

(xi). **Apportionment of Annual Revenue Requirement:**

The relevant total Revenue Requirement of handling activity is apportioned to the Bulk cargoes and other cargoes based on the respective cargo share of bulk cargoes at 99% and 1% for other cargoes. The apportionment of revenue requirements for the remaining activities of Storage and Miscellaneous items does not arise.

(₹ in lakhs)

Sl. No.	Particulars	% share for each type of cargo based on cargo working days	Apportioned estimated revenue requirement	
			For Floating Crane	For Excavators
(i).	Bulk Cargo	99%	2290.43	556.28
(ii).	Other Cargo	1%	23.14	5.62
	Total Revenue Requirement	100%	2313.57	561.90

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

(i). **Cargo handling charges:**

(a). At Anchorage:

Sl. No.	Commodity	Rate per in MT (in Indian Rupees)	
		Foreign	Coastal
(i).	Dry Bulk Cargo	92.83	55.70
(ii).	Other Cargo	174.11	104.47

(b). At Shore:

Sl. No.	Commodity	Rate per in MT (in Indian Rupees)	
		Foreign	Coastal
(i).	Dry Bulk Cargo	22.55	13.53
(ii).	Other Cargo	22.55	13.53

(ii). The VOCPT has proposed the following Terms and Conditions:

1. Tariff for cargo handling by floating crane includes unloading of the cargo from the mother vessel to barge at anchorage. Stevedoring charges shall be separately borne by the user/vessel owner and the amount of stevedoring charges shall be paid to the licensed stevedores.
2. If a self-geared vessel uses the floating crane at anchorage for unloading of cargo, then it has to pay the charges of floating crane for the cargo handled through floating crane. There should be a master certificate which clearly notifies the amount of cargo handled through floating crane only at anchorage.

(xiii). The Performance Standards proposed by the port for the cargo categories are as follows:

Cargo category	Cargo handled	
	Floating Crane	Excavator
Dry Bulk Cargo	9800 Tons per day	7560 Tons per day
Other cargo	5226 Tons per day	4032 Tons per day

4.5. The VOCPT has submitted the proposed Scale of Rates (SOR) along with its proposal.

5. In accordance with the consultative procedure prescribed, a copy each of the proposal of VOCPT dated 26 November 2013 and subsequent VOCPT letter dated 29 November 2013 was forwarded to the concerned users / user organisations and prospective bidders/ users (as forwarded by VOCPT) seeking their comments by 8 December 2013. The users were informed that no further extension of time will be granted to respond and if no comments are received from them, it will be presumed that they have no comments to offer. The comments received from the users / user organisations and prospective bidders/ users were forwarded to the VOCPT as feedback information. The VOCPT vide its letter dated 13 December 2013 has responded to the comments of users / user organisations and prospective bidders/ users.

6. Based on a preliminary scrutiny of the proposal, the VOCPT was requested vide our letter dated 6 December 2013 to furnish additional information/ clarifications on various points. The VOCPT vide its letter dated 11 December 2013 has responded to our queries. A summary of the queries raised by us and the response of VOCPT thereon are tabulated here below:

Sl. No.	Queries raised by us	Reply received from VOCPT
(1).	General:	
(i).	As per clause 2.2 of revised tariff guidelines of 2013, the Major Port Trust while filing the proposal for fixation of Reference Tariff can adopt the highest upfront tariff determined in their own port for a particular commodity/ cargo representing the project envisaged. If not, they can adopt the highest upfront tariff fixed in any other Major Port Trusts which is representative enough for the commodity/ cargo envisaged to be handled. If both these options are not feasible, clause 2.4. of the	The cargo handling by using Floating Crane at outer Anchorage has not been envisaged in this Port (VOCPT) till date and hence no reference tariff is available for adoption in this Port. The scope of work envisaged in the Project is not representative enough for considering the reference tariff of other Major Port also. Hence the current proposal is submitted.

	revised guidelines of 2013 allows Major Port Trusts to file a proposal for fixation of Reference Tariff under 2008 guidelines. The VOCPT is requested to explain whether the two options available under clause 2.2 of the revised tariff guidelines has been examined before filing the proposal under the 2008 guidelines.	
(ii).	Please clarify the tariff arrangement relating to vessel related / cargo related charges leviable on mother vessels at the anchorage and the transloading operation thereat. Also, clarify the tariff arrangement envisaged relating to the vessel related operations on the barges handled at port's berth. The VOCPT may examine whether any provisions in this regard need to be explicitly prescribed in the Reference Tariff Schedule of the BOT operator to avoid any ambiguity.	No levy for anchorage operation. Shore labour charges if any, as per Port's SOR as applicable from time to time to be payable on the tonnage handled from the barge at on-shore. The licensee has required to pay all marine related charges.
(2).	Optimal capacity with reference to the floating crane:	
(i).	The port has considered the handling rate of floating crane at 9800 tonnes/ day for dry bulk cargo and 5226 tonnes/ day for other cargo in the calculation of optimum capacity of floating crane. In this regard, the following points may be clarified:	
	(a). In the upfront tariff Order No.TAMP/45/2011-KPT dated 18 June 2012 relating to proposal of KPT for upgradation of barge jetty, the handling rate of floating crane was considered at 21840 tonnes/ day for dry bulk cargo and 11640 tonnes/ day for break bulk and 7272 tonnes/ day for timber logs. The proposed handling rate at KPT is seen to be for both loading and unloading operations at anchorage as proposed by the KPT. As against that, the handling rate of floating crane considered by VOCPT at 9800 tonnes/ day for dry bulk and 5226 tonnes/ day for other cargo is found to be significantly lower than the handling rate considered at KPT. The VOCPT is requested to justify the proposed (significantly) lower handling rate for similar operations envisaged by the KPT for cargo loading/unloading operations at anchorage using floating crane.	The proposal is for unloading of cargo at Anchorage. As per the manufacturer's recommendation (page no.20 of TAMP application) the handling rate of 14000 tons per day for unloading of cargo from ships to barges is considered. By adopting 70% utilization as per 2008 Guidelines, the cargo handling rate of floating crane is considered as 9800 Tonnes per day. For other cargo including break bulk cargo by adopting handling rate of 53.33% of dry bulk cargo as per the ratio adopted in the Kandla Port Trust Tariff notification, the handling rate of other cargo is calculated as 5226 Tonnes/day (9800 tonnes/day X 53.33%). After adopting the 70% load factor as per 2008 Guidelines, the handling rate for dry bulk cargo is arrived as 9800 tonnes per day.
	(b). The handling rate of floating crane indicated by the Manufacturers Liebherr in the e-mail dated 5 November 2013 forwarded by VOCPT is 12000 to 14000 tonnes/ day for unloading operation. That being so, justify the reasons for downscaling the handling rate to 9800 tonnes/ day for dry bulk cargo in the proposal filed by VOCPT.	
	(c). It is seen from Annex-III appended to the proposal dated 26 November 2013 that different cargo items are presently handled at anchorage of the VOCPT. Please indicate	There is no anchorage operation in this Port using Floating cranes as of now. Hence Answer is nil.

	the average handling rate (unloading rate) achieved by the floating crane presently operated at VOCPT for each of the last three years 2010-11 to 2012-13 for the cargo category envisaged to be handled under this PPP project.	
	(d). The brief write up attached as Annex-II to the proposal lists out the cargo covered under dry bulk cargo and other cargo. The proposed Reference Tariff Schedule and the proposed Performance Standard may also be modified to indicate the cargo items covered under 'dry bulk cargo' and 'others cargo'.	The following may be incorporated as NOTE in Reference Tariff schedule & Performance standards:- <u>Dry Bulk Cargo</u> :- i. Coal& Coke ii. Fertilizer iii. Fertilizer Raw material iv. Limestone v. Gypsum and vi. Pulses.
	(e). From Annex – II of the proposal (i.e. brief write up), it is seen that the “other cargo” will consist of timber logs and explosives. In the KPT upfront tariff Order of June 2012, the handling rate for timber logs is considered at 33.33% of the handling rate of dry bulk cargo. Whereas, the VOCPT has considered the handling rate of 'other cargo' covering timber and explosive at 53.33% of the handling rate of dry bulk cargo. The port may confirm and explain how the said percentage applied for 'steel and bagged cargo' at 53.33% of the handling rate for dry bulk cargo in KPT is relevant for 'other cargo' covering timber and explosive proposed by VOCPT. The VOCPT may review and, if necessary, suitably revise the handling rate of 'other cargo' based on the actual handling rate achieved for these cargo items or based on technical specification of the floating crane.	<u>Other cargo</u> i. Timber Logs ii. Explosives The timber logs are considered as break bulk cargo like steel & bagged cargo. Therefore 53.33% is adopted considering the combined handling of Timber logs and explosives constituted 1% of total traffic handled. Hence may please be admitted.
	(f). Dry bulk cargo is stated to cover coal and coke amongst various other cargo items listed by the VOCPT. If coal is expected to cover thermal coal also, then a separate rate may be proposed as thermal coal is not entitled for coastal concession as per coastal concession policy issued by the MOS. The cargo share, optimal capacity, unit rate and the Performance Standards for thermal coal may have to be computed and shown separately.	The share of bulk cargo in the total traffic proposed at anchorage is 95% of this 5% only is coastal cargo which does not include thermal cargo. Hence the parameters adopted may please be admitted.
(ii).	The basis of assuming share of dry bulk cargo at 99% and other cargo at 1% to be explained.	Based on the cargo handling data of the Port.
(iii).	In the light of the above observation, the VOCPT may consider to improve the handling rate of floating crane and rework the optimal capacity calculation of floating crane.	The handling rate of floating crane is considered as per the manufacturer's recommendation for unloading operation and after adopting 70% load factor as per 2008 Guidelines.
(iv).	There seems to be typographical error in the handling rate indicated in particulars column at Sl. No.10 and 11 in the upfront tariff calculation of floating crane which may please be corrected.	Will be corrected.

(3).	Optimal Capacity (excavators):																												
(i).	The port has considered handling rate of 2 excavators at 630 tonnes/ hour for dry bulk cargo. It has not considered the handling rate of other cargo separately in the optimal capacity calculation of excavator. Please examine and make necessary correction in the optimal capacity of excavators.	The factor of 53.33% is since adopted for break bulk & others w.r.t productivity of bulk cargoes. Hence for others productivity adopted in the revised calculation meet the requirement.																											
(ii).	Explain the basis of adopting the productivity of one excavator at 100 moves per hour. Justify the productivity parameter with reference to similar equipment deployed at VOCPT or any other Major Port Trusts of India or technical analysis based on manufacturers' specifications.	The 100 moves per hour for 4.5 CUM excavator has been adopted based on the Kandla Port Tariff fixation. As of now the Port has no excavators for operation.																											
(iii).	Furnish the actual performance of excavator, if any, deployed by the VOCPT or any other port for carrying out similar operations.	VOCPT has not deployed any excavator so far.																											
(iv).	It is seen that for arriving at the total hours for two excavator at 17,520 (i.e. 2 excavators x 365 x 24 hours) at Sl. No.6, the port has not considered the factor of 70% utilization norm prescribed in the 2008 guidelines. This may be corrected accordingly.	As adopted by Authority in the Kandla Port Tariff order No.TAMP/45/2011-KPT dated 18.6.2012. Since, the 70% allowance is given while deriving productivity of 630T, further allowance for 70% in hours of operation does not arise.																											
(v).	The relevance of considering operating hours at 3.17 per barge in the serial number 5, in computing the optimal capacity of excavators, is not clear and hence may be explained.	The operating hours of excavator for unloading the cargo from barge is = Capacity of the barge /Total cargo handled by two excavators per hour = 2000/630.																											
(vi).	The VOCPT has shown optimal capacity of 2 excavators at 2.49 Million Tonnes in Sl. No.11. However, it is not shown how the optimal capacity of 2 excavators is arrived at 2.49 Million Tonne Per Annum (MTPA) and the 2.49 MTPA is not supported with detailed calculation. Please furnish the detailed calculation for arriving at the optimal capacity of the two excavators.	The cargoes handled by Floating crane only are available for handling by two excavators in the shore. Hence the optimal capacity of Floating crane is taken for Excavators also.																											
(vii).	The basis of arriving at handling hours of 2 excavators at 3956 at Sr.No.7 may be explained. As stated in query at 3(i) above, the handling rate for 'other cargo' which is likely to be different from dry bulk cargo is not captured while arriving at handling hours 3954 for two excavators. The VOCPT may examine this point and make necessary modifications.	The working sheet for number of hours of operation for two Excavators is furnished. The working furnished is tabulated below: <table border="1"> <thead> <tr> <th>B</th><th>Excavators</th><th></th></tr> </thead> <tbody> <tr> <td>1</td><td>No. of tonnes per cycle</td><td>4.50</td></tr> <tr> <td>2</td><td>No. of cycles per hour</td><td>100</td></tr> <tr> <td>3</td><td>Multiplier to be adopted as per TAMP guidelines on 2008</td><td>70%</td></tr> <tr> <td>4</td><td>No. of excavators</td><td>2</td></tr> <tr> <td>5</td><td>Tonnage handled by 2 excavators per hour (B1*B2*B3*B4)</td><td>630</td></tr> <tr> <td>6</td><td>Hours required for unloading at shore per barge (C1/B5)</td><td>3.17</td></tr> <tr> <td>7</td><td>Total tonnage to be handled per annum</td><td>2,492,194</td></tr> <tr> <td>8</td><td>No. of hours of operation for two excavators (B7/ B5)</td><td>3,956</td></tr> </tbody> </table>	B	Excavators		1	No. of tonnes per cycle	4.50	2	No. of cycles per hour	100	3	Multiplier to be adopted as per TAMP guidelines on 2008	70%	4	No. of excavators	2	5	Tonnage handled by 2 excavators per hour (B1*B2*B3*B4)	630	6	Hours required for unloading at shore per barge (C1/B5)	3.17	7	Total tonnage to be handled per annum	2,492,194	8	No. of hours of operation for two excavators (B7/ B5)	3,956
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(viii).	(a). The proposal of the port shows that two excavators will be idle for 13,564 hours out of 17,520 hours. This means utilization of two excavators is expected to be around	Considering the discharge rate at anchorage (even though performance standard is 9800 Tonnes per day, actual discharge may be more than that), two																											

	23% whereas 77% time the equipment will remain idle. Justify the proposed investment of ₹12.14 crores proposed for two excavators which finally gets built into the upfront tariff when the VOCPT envisages utilisation of floating crane to be less than 25%. It may be examined whether deployment of two excavators is absolutely essential and justified, if the answer is in affirmative.	excavators at shore is very much required.
	(b). In view of gross underutilization of these equipment, the VOCPT may review and examine whether one excavator will be adequate if the optimal capacity of excavator is tugged by VOCPT at the level of the optimal capacity of the floating crane.	
	(c). Clarify, whether the port envisages the two excavators to be utilized for handling of any other cargo by the BOT operator to achieve the optimal capacity of excavators. If it is so, then any other cargo may be considered in the calculation of optimum capacity of the proposed facility and tariff therefor may be proposed.	
	(d). In the light of the above observation, the port may explore various possibility of improving the utilization of the excavators and ensure that mismatch in the optimal capacity of floating crane and the excavators is at minimal level.	
(ix).	The VOCPT is requested to review the calculation of optimal capacity of excavators in the light of the above observation and furnish detailed working thereof indicating the parameters adopted and also explain the basis thereof. While doing so, as stated earlier, the VOCPT may attempt to reduce the mismatch in the optimal capacity of floating crane and optimal capacity of shore handling facility i.e. excavators to bare minimum.	
(4).	The port has proposed three barges. In this regard, the following points may be clarified:	
(i).	In case of KPT upfront tariff Order No.TAMP/45/2011-KPT dated 18 June 2012, operating cost relating to barges is not included in the upfront tariff fixation process. Specific reasons, if any, for proposing to include the costs relating to barges in the Reference Tariff fixation by VOCPT may be explained.	Considering the usage of self propelled Barges for transportation, the operation cost of barge is included.
(ii).	Indicate the number of barges expected to be handled at a particular time at port's berth through excavators. Also, clarify the two excavators proposed by the port will handle how many barges at the berth at a given point of time.	One number of barge is expected to be handled at a particular time at Port's berth by one excavator.
(iii).	Please clarify whether the Cargo unloading operations for cargo brought by barges at shore is proposed to be carried out at any specified berths. Please indicate the berths	At present the barge unloading is carried out at the Eastern arm of south break water. However the Port is planning to provide two barge Jetties.

	where the port envisages the cargo unloading operation from barges at shore through excavators.																																											
(iv).	Please furnish detailed working in terms of parcel size of barges, number of trips per barge, etc., and furnish working to show that 3 number of barges proposed by VOCPT are adequate to meet the optimal capacity for the proposed facility, with two excavators in place.	The port has furnished the working sheet as below: <table border="1"> <thead> <tr> <th>C</th><th>Barge operation hours</th><th></th></tr> </thead> <tbody> <tr> <td>1</td><td>Capacity of Barge (Tonnes)</td><td>2,000</td></tr> <tr> <td>2</td><td>To & fro for transfer to shore-Hours</td><td>3.00</td></tr> <tr> <td>3</td><td>Loading time-Bulk=99% on (capacity of barges/ output per hour by floating crane) in hours</td><td>4.85</td></tr> <tr> <td>4</td><td>Loading time-Others-1% on (capacity of barges/ output per hour by floating crane*(53.33%)</td><td>0.13</td></tr> <tr> <td>5</td><td>Unloading time with respect to excavators (capacity of barges/ tonnage handled by two excavators)</td><td>3.17</td></tr> <tr> <td>6</td><td>Total Time (2+3+4+5) in hours</td><td>11.15</td></tr> <tr> <td>7</td><td>No. of trips per day (24 hrs./ total time)</td><td>2</td></tr> <tr> <td>8</td><td>Total trips for three barges per day (no. of trips * 3 barges)</td><td>6</td></tr> <tr> <td>9</td><td>Total Tonnage to be handled per day (capacity of barges*total trips)</td><td>12,000</td></tr> <tr> <td>10</td><td>Total hours of operation of three barges (total time*3 barges)</td><td>33.46</td></tr> <tr> <td>11</td><td>Total Tonnage to be handled per annum</td><td>2,492,194</td></tr> <tr> <td>12</td><td>No. of hours of barge transport (to&fro) for 3 barges (C2*3*C11/C9)</td><td>1,869</td></tr> <tr> <td>13</td><td>No. of idle hours (C3+C4+C5)*C11/C9)</td><td>5,081</td></tr> </tbody> </table>	C	Barge operation hours		1	Capacity of Barge (Tonnes)	2,000	2	To & fro for transfer to shore-Hours	3.00	3	Loading time-Bulk=99% on (capacity of barges/ output per hour by floating crane) in hours	4.85	4	Loading time-Others-1% on (capacity of barges/ output per hour by floating crane*(53.33%)	0.13	5	Unloading time with respect to excavators (capacity of barges/ tonnage handled by two excavators)	3.17	6	Total Time (2+3+4+5) in hours	11.15	7	No. of trips per day (24 hrs./ total time)	2	8	Total trips for three barges per day (no. of trips * 3 barges)	6	9	Total Tonnage to be handled per day (capacity of barges*total trips)	12,000	10	Total hours of operation of three barges (total time*3 barges)	33.46	11	Total Tonnage to be handled per annum	2,492,194	12	No. of hours of barge transport (to&fro) for 3 barges (C2*3*C11/C9)	1,869	13	No. of idle hours (C3+C4+C5)*C11/C9)	5,081
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(5).	Capital Cost:																																											
(i).	The capital cost of two excavators is considered at ₹1214.43 lakhs by proportionately adjusting the capital cost of three excavators considered in the KPT upfront tariff Order of June 2012. Recognising that the capital cost of excavators considered in the KPT upfront tariff Order pertains to the year 2012 which is almost a year old, please confirm whether the capital cost of excavator considered by VOCPT by proportionate adjustment of capital cost of excavators of KPT will represent the prevailing rate.	Revised Budgetary offer is being obtained and calculation will be updated based on that. (The VOCPT vide its letter dated 17 December 2013 has furnished revised quotations.)																																										
(ii).	The VOCPT has not furnished equipment like forklift trucks, pay loaders, etc., prescribed in the 2008 guidelines for multipurpose cargo terminal. Please confirm no other equipment other than excavators for transfer of cargo from ship to shore is envisaged for the proposed project.	Forklifts, pay loaders, etc., are not envisaged in the scope of work.																																										
(6).	Operating Cost																																											
(i).	Fuel cost:																																											
	(I). Floating Crane:																																											
	(a). The number of working hours at 70% utilization comes to 6132 hours (365 days * 24 hours * 70%). Hence, the fuel	The total working hours for floating crane is considered as 6156 hrs with proportionate to the Dry bulk cargo &																																										

	consumption for floating crane considered by VOCPT at 6156 hours may be corrected as 6132 hours in line with the approach followed in KPT and other upfront tariff orders.	other cargo as shown in the working sheet.																								
	(b). The reason and basis for considering fuel cost for idle hours of floating crane at 12 litres/ hour may be explained. The fuel consumption for idle hours of floating crane considered by VOCPT at 2604 hours may be modified at 2628 hours while addressing query at (a) above.	During Idle hrs of the floating crane, power is required for lighting purpose, Air conditioning system and other electrical installations. The total Idle hrs per annum is considered by taking the balance hours in total hours per annum.																								
	(c). In case of KPT upfront tariff Order of June 2012, the operating cost of floating crane includes fuel consumption for tugs. The VOCPT has, however, not considered this cost element in the Reference Tariff proposed for floating crane. Please explain the tariff arrangement envisaged for deployment of tugs by the BOT operator, if any.	The floating crane has to be mounted in the self propelled barge or dump barge. If it is dump barge Port tugs will be deployed as per charges of Port scale of rates.																								
	(II). <u>Fuel cost for Barges:</u>																									
	(a). Explain the basis of considering the fuel consumption for barges at 100 liters per hour. The barges proposed by the VOCPT are neither found in the normative list of equipment nor considered in the KPT upfront tariff Order. Hence, the basis of fuel consumption considered by VOCPT at 100 litres per hour may be explained and substantiated with actual fuel consumption of barges at its port or any other Major Port Trusts.	The fuel consumption as recommended by OEM is 0.161 ltrs/hr/BHP. In the estimate the total Horse power of engine for the self propelled barge is 270X2 (i.e.) 540 BHP. Calculation :-540 X0.161 ltrs/hr/BHP = 87 hrs/ltr for two main engines. The fuel consumption for Auxiliary engines at the rate 13 ltrs/hr fuel consumption was considered.																								
	(b). The fuel cost estimated for barges shows 1869 hours and 5681 hours. The basis of these figures are not clear and may be explained with detailed working. The estimate of fuel cost for barges may be explained in detail with workings and justifications for each of the parameters adopted in the fuel cost estimation.	Based on one excavator only proposed now cost will be reworked and furnished.																								
	(III). <u>Excavators</u>																									
	(a). Explain the basis of considering fuel consumption at 32 liters per hour for excavator.	As considered in the Tariff Order of Kandla Port.																								
	(b). The number of hours considered for estimation of fuel cost for excavators may be indicated along with working.	The port has furnished the working as under: <table border="1"> <thead> <tr> <th>B</th><th>Excavators</th><th></th></tr> </thead> <tbody> <tr> <td>1</td><td>No. of tonnes per cycle</td><td>4.50</td></tr> <tr> <td>2</td><td>No. of cycles per hour</td><td>100</td></tr> <tr> <td>3</td><td>Multiplier to be adopted as per TAMP guidelines on 2008</td><td>70%</td></tr> <tr> <td>4</td><td>No. of excavators</td><td>2</td></tr> <tr> <td>5</td><td>Tonnage handled by 2 excavators per hour (B1*B2*B3*B4)</td><td>630</td></tr> <tr> <td>6</td><td>Hours required for unloading at shore per barge (capacity of barge/ tonnage to be handled by 2 excavators)</td><td>3.17</td></tr> <tr> <td>7</td><td>Total tonnage to be handled per annum</td><td>2,492,194</td></tr> </tbody> </table>	B	Excavators		1	No. of tonnes per cycle	4.50	2	No. of cycles per hour	100	3	Multiplier to be adopted as per TAMP guidelines on 2008	70%	4	No. of excavators	2	5	Tonnage handled by 2 excavators per hour (B1*B2*B3*B4)	630	6	Hours required for unloading at shore per barge (capacity of barge/ tonnage to be handled by 2 excavators)	3.17	7	Total tonnage to be handled per annum	2,492,194
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(ii).	Depreciation: The provisions as per the Companies Act 2013 (ref Schedule II of section 123) suggest that the useful life of heavy lift equipments be considered as 20 years. This translates to a depreciation rate of 5% per annum. However, the Act also suggests that the depreciation rate be increased by 100% of existing rate in case of a three shift operation. This would mean that the depreciation rate of 5% gets doubled to 10%. In view of the provisions of the Companies Act, 2013, the depreciation considered in respect of equipment may be modified by applying 10% instead of 10.34% if the equipment is expected to operate three shifts in line with the depreciation provisions prescribed in the Companies Act, 2013.	Will be considered in the revised working being submitted separately. (The VOCPT in the revised calculations furnished vide letter dated 17 December 2013 has considered depreciation rate as 10%.)		
(iii).	License fee It is seen that in the KPT upfront tariff Order of June 2012, license fee for water area as well as license fee for land is considered in the upfront tariff calculation. The VOCPT has, however, not considered this cost element. Please confirm collection of license fee from the BOT operator is not envisaged in the proposed project.	License fee is not envisaged as per scope of tender.		
(7).	The port has in the checklist of documents at Sl.No.vii(d) indicated 95% of cargo will be foreign and 5% coastal cargo. It is seen that though VOCPT has proposed concessional rate for coastal cargo, the impact of coastal concession is not considered while arriving at the proposed rate. The VOCPT is requested to consider the revenue impact of allowing coastal concession (except on thermal coal, iron ore and iron ore pellets) while arriving at the proposed rates.	This is already presented before Joint hearing, weightage for tariff for coastal cargo @ 60% is considered for coastal cargo envisaged at 5% of total dry bulk cargo.		
(8).	Scale of Rates			
(i).	<u>2.1. – Definitions:</u> The definition of 'Shift' is not found to be relevant as no tariff is proposed on shift basis. The VOCPT may, therefore, consider to delete the definition of 'Shift'.	Since deleted.		
(ii).	<u>2.2. – General Terms & Conditions:</u>			
	(a). Since no vessel related charges are proposed in the draft proposed Scale of Rates, the relevance of no.(i) and (ii) may be examined and if not found necessary may be deleted from the proposed Scale of Rates.	As coastal charges are considered for 5% of bulk cargoes, the said clause is relevant and may be retained.		
	(b). The general condition stating that "Users will not be required to pay charges for delays beyond reasonable level attributable to the terminal operator" and the conditions relating to concession to coastal cargo as per coastal concession policy of the	Since, barge operation hours as per normal time required from loading stage at Anchorage upto unloading stage at shore is included in the rate calculation, the question of users bearing charges for delay does not arise. Hence it is not felt		

	Government may be prescribed in the proposed Reference Tariff Schedule in line with the prescription in other upfront tariff Order.	required for incorporation. Since included.
(iii).	Note 1 under proposed Cargo handling charge: Since barge related service i.e. movement of cargo unloaded onto barge and movement of such unloaded cargo to port's berth through barges is covered under the proposed project, the list of services included in Note 1 may be suitably modified to include these service included therein.	Will be considered. Note 1. The Tariff rate is proposed for the following:- i. unloading cargoes from ships to barges using Floating Cranes at Outer Anchorage and ii. The cargoes will be carried through barges from Anchorage and will be unloaded at Shore through excavators.
(iv).	The draft Scale of Rates does not propose the list of services covered under the proposed handling charges at shore (i.e. by excavators). The VOCPT may incorporate a suitable note listing the services covered under the proposed handling charges at shore.	The port has in its revised proposal dated 17 December 2013 incorporated the list of services covered.
(v).	Note 2 under the proposed Cargo handling charge stipulating the unloading rate from ship to barges as per Manufacturers recommendation may not be relevant in the proposed Scale of Rates and hence needs to be deleted.	The VOCPT has deleted the relevant note in revised proposal dated 17 December 2013.
(9).	Performance Standards:	
(i).	<u>For Floating crane:</u> Performance Standard proposed for floating crane at 9800 tonnes/ day for dry bulk cargo and 5226 tonnes/ day for other cargo is seen to be corresponding to the handling rate considered in the optimal capacity calculation. The VOCPT may kindly note that if the handling rate of floating crane is improved, the proposed Performance Standards also need to be modified corresponding to the handling rate considered in the optimal capacity calculation of floating crane. The same approach may be followed for excavators also.	The Authority will be approached for modification when the handling rate of floating crane/excavator is improved.
(ii).	<u>For Excavator:</u> The basis of considering the Performance Standard of excavator at 7560 tonnes/ day for dry bulk cargo and 4032 tonnes/ day for other cargo may be explained.	The performance standard for excavators are arrived as follows:- 100 moves/hr X 4.5 tonnes/move X 24 hrs X 0.7 = 7560 tonnes/day is considered. For other cargo 53.33% of 7560 Tonnes is considered. However, as per the working sheet 12,000 tonnes has to be handled by two excavators per day. Hence, Authority may consider the revised performance standard as follows:- For dry Bulk cargo - 6000 Tonnes/day For Other cargo - 3200 Tonnes/day.

(iii).	As stated earlier, the cargo items covered under 'dry bulk' and 'other cargo' may be explicitly stated in the Reference Tariff Schedule. Consequently, cargo items for which Performance Standards are proposed should match with the cargo description for which handling rate is proposed in the Reference Tariff Schedule.	The subject proposal of anchorage handling by Floating crane and shore handling by excavator is a new phenomenon in VOCPT aimed at reducing pre-berthing detention to handle deep draft vessels beyond 12.8 mtrs draft. Hence the cargoes are not for specification strictly. Therefore the specification of cargo in relevant tariff items is not practicable in the current scenario. However the requirement of Authority will be considered when stability is achieved in handling cargoes at Anchorage in future.
(iv).	The VOCPT may propose to include relevant conditionalities, if any, governing the proposed Performance Standard.	The performance Standards of Cargo handling may be obtained with the Load meters available with Ships/ Floating crane.

7.1. A joint hearing in this case was held on 9 December 2013 at the VOCPT premises in Tuticorin. The VOCPT made a power point presentation of its proposal. At the joint hearing, the VOCPT and the users/ user organisations/ prospective bidders have made their submissions.

7.2. At the joint hearing, CGU Logistics Limited has questioned the capital cost and the operating cost estimates of the floating crane. The VOCPT agreed at the joint hearing to re-examine these cost relating to the floating crane. The VOCPT vide our letter dated 12 December 2013 was, therefore, advised to revise the subject proposal, if required, consequent to reexamination of the estimated capital and operating cost of floating crane and submit the revised proposal immediately to TAMP.

8.1. On examination of the reply furnished by VOCPT vide its letter dated 11 December 2013, the port was requested to clarify on some of the points vide our e-mail dated 13 December 2013. The VOCPT vide its letter dated 17 December 2013 has furnished the requisite clarification and also furnished revised working by including capital cost of the pontoon, the details of which are brought out in the subsequent paragraph. The clarification sought by our above referred email and the reply furnished by the port by its email is tabulated below:

Sl. No.	Clarification sought by TAMP	Port's reply
(i).	With regard to the query no. 2(f). the port has stated that the share of bulk cargo in the total traffic proposed at anchorage is 95% of this 5% only is coastal cargo which does not include thermal cargo. In this connection it may be noted that the port in its proposal has stated that the share of dry bulk cargo to be handled is 99% and other cargo as 1%. Please confirm the share the dry bulk cargo and other cargo the port envisages to handle along with the percentage share of foreign cargo and coastal cargo in the each category of cargo.	Dry Bulk Cargo -99% Other cargo - 1% Out of the 99% Dry bulk cargo – 95% is foreign & 5% is Coastal. Also in the 5 % coastal Cargo Thermal Coal is not included. Out of the 1% other cargo, 100% is considered as foreign cargo.
(ii).	With regard to the query no. 6 (1)(C) relating to fuel consumption of the floating crane, the VOCPT has stated that if the floating crane is mounted on dump barge, then port tugs will be deployed as per charges of Port scale of rates. In this connection it may be noted that the proposal at Annexure-II states that	It is confirmed that the floating crane will be shifted by using any of the self-propelled barges as per the plan furnished. Usage of port tugs is not envisaged. However, the configuration of the equipment is not altered.

	the three self-propelled barges will be deployed along with the floating crane. It is noteworthy that based on the equipment proposed to be deployed for the project reference tariff is fixed which will be applicable, subject to indexation, throughout the license period. That being so, the port is advised not to alter the configuration of the equipment it envisages to deploy.																															
(iii).	With reference to the query no. 6 (i) relating to the fuel cost for barges, the port has stated that it now proposes to deploy one excavator and that the cost will be reworked and furnished. It may be noted that alteration of configuration of the equipment and consequently capital cost will affect the proposed reference tariff. In view of that the port is requested to firm up the configuration of the equipment for the proposed project and furnish us a list along with its estimated capital cost. As per the port's reply to the subject query, the port has now proposed only one excavator. In this connection it may be noted that as per the tariff Order dated 18 June 2013 relating to the Kandla Port Trust the capacity of the three excavators assessed was 3.29 MMT i.e. 1.10 MMT for one excavator. As the assessed capacity of the floating crane is 2.49 MMT, the VOCPT is requested to clarify how the balance capacity i.e. 1.49 MMT (2.49-1.09) of the floating crane will be met.	Configuration of the equipment is not altered. The Capital cost of pontoon is included and the revised working is enclosed. <i>[The capital cost of the floating crane is estimated as below:</i> <table border="1"> <thead> <tr> <th></th><th>Floating crane</th><th>₹ in lakhs</th></tr> </thead> <tbody> <tr> <td>(i).</td><td>One Floating Crane (35T) including pontoon.</td><td>3554.62</td></tr> <tr> <td>(ii).</td><td>Three numbers of self propelled barges</td><td>2042.88</td></tr> <tr> <td>(iii).</td><td>Total</td><td>5597.50</td></tr> <tr> <td>(iv).</td><td>Miscellaneous cost @ 5%</td><td>279.81</td></tr> <tr> <td>(v).</td><td>TOTAL COST</td><td>5877.37</td></tr> </tbody> </table> <i>]</i> Considering the discharge rate at anchorage (9800 Tons/day), two excavators at shore is very much required and the cost of two excavators are taken.		Floating crane	₹ in lakhs	(i).	One Floating Crane (35T) including pontoon.	3554.62	(ii).	Three numbers of self propelled barges	2042.88	(iii).	Total	5597.50	(iv).	Miscellaneous cost @ 5%	279.81	(v).	TOTAL COST	5877.37												
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(iv).	As agreed in the reply to the queries furnished by the VOCPT vide its referred letter the revised working relating the relating to assessment of excavators and capital cost of excavators is not received. The VOCPT is requested to furnish the same immediately.	The revised working is enclosed herewith. <i>(the assessment of excavators is maintained per the original proposal. The capital cost estimate is as given below:</i> <table border="1"> <tbody> <tr> <td>(i).</td><td>Cost of the Excavator (in Euro)</td><td>497,000.</td></tr> <tr> <td>(ii).</td><td>Shipping charges from Germany to India @ 1%</td><td>4,970</td></tr> <tr> <td>(iii).</td><td>Total CIF price of Excavator</td><td>501,970</td></tr> <tr> <td>(iv).</td><td>In Indian Rupees (exchange rate is ₹85.43) as on 16.12.2013</td><td>42,883,297</td></tr> <tr> <td>(v).</td><td>Customs duty @ 26.11%</td><td>11,196,828.87</td></tr> <tr> <td>(vi).</td><td>Sub-Total</td><td>54,080,125</td></tr> <tr> <td>(vii).</td><td>Freight & Insurance charges @ 2%</td><td>1081602.</td></tr> <tr> <td>(viii).</td><td>Total</td><td>55,161,728.49</td></tr> <tr> <td>(ix).</td><td>Miscellaneous charges @ 3%</td><td>1654851.85</td></tr> <tr> <td>(x).</td><td>Total cost of the excavator</td><td>56,816,580.35</td></tr> </tbody> </table>	(i).	Cost of the Excavator (in Euro)	497,000.	(ii).	Shipping charges from Germany to India @ 1%	4,970	(iii).	Total CIF price of Excavator	501,970	(iv).	In Indian Rupees (exchange rate is ₹85.43) as on 16.12.2013	42,883,297	(v).	Customs duty @ 26.11%	11,196,828.87	(vi).	Sub-Total	54,080,125	(vii).	Freight & Insurance charges @ 2%	1081602.	(viii).	Total	55,161,728.49	(ix).	Miscellaneous charges @ 3%	1654851.85	(x).	Total cost of the excavator	56,816,580.35
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8.2. As compared to its proposal dated 26 November 2013 and 29 November 2013, the port has made following changes in its revised working furnished vide letter dated 17 December 2013:

- (i). The capital cost of the floating crane port is updated to include the cost of the pontoon. Accordingly, the capital cost of the floating crane is updated to ₹55.97 crores ₹43.93 crores by considering the exchange rate of Euro at ₹84.98.
- (ii). In its original proposal the port had estimated the capital cost of the two excavators based on the cost considered in the Kandla Port Trust order. The port has, however, updated the capital cost of the two excavators to ₹11.30 crores from ₹12.14 crores based on the quotation from M/s. GMMCO Ltd.
- (iii). The fuel consumption of floating crane is estimated to increase from ₹421.56 lakhs to ₹578.43 lakhs on account of considering the fuel consumption of the auxiliary generator at 30 litres/ hour for 8760 hours (i.e. 365 days * 24 hours).
- (iv). As against the 3956 hours estimated in the original proposal for estimation of the fuel cost for excavators the port has now estimated fuel cost for excavator at 7912 hours for two excavators. In view of that the fuel cost is estimated at ₹171.53 lakhs from ₹85.76 lakhs.
- (v). Depreciation is calculated at 10% as per the rate mentioned in the Companies Act of 2013.
- (vi). Apart from the above, no change has been made in other parameters. Consequent to the above change, the corresponding operating cost and revenue requirement has undergone a change. In view of that port has now proposed revised charges for handling cargo at anchorage by using floating crane and excavators at shore and has also modified the performance standard for handling of cargo by excavators.
- (vii). The changes made in the cost statement, proposed rates and performance standard is tabulated below:

A. **Cost Statement:**

		(₹ in lakhs)	
Sr. No.	Particulars	Earlier proposal dated 26.11.2013	Revised proposal dated 17.12.2013
(i).	Optimal capacity of the floating crane	2.49 MMT	2.49 MMT
(ii).	Optimal Capacity of the excavators	2.49 MMT	2.49 MMT
(iii).	Capital cost of the floating crane	4393.00	3554.62
(iv).	Capital cost of the barges		2042.88
(v).	Total capital cost of the floating crane including miscellaneous cost	4612.65	5877.37
(vi).	Capital cost of the 2 excavators	1214.43	1136.33
(vii).	Total capital cost of the 2 excavators including the miscellaneous cost	1275.15	1193.15
(viii).	Total operating cost of floating crane	1575.55	1982.34
(ix).	Total operating cost of the excavators	357.88	422.10
(x).	Return on capital employed		
	Floating crane	738.02	940.38
	Excavators	204.02	190.90
(xi).	Total revenue requirement		
	Floating crane	2313.57	2922.72
	excavators	561.90	613.00

B. Proposed rates:

Rate proposed		Original proposal		Revised proposal	
(i).	Floating crane	Bulk cargo	Other cargo	Bulk cargo	Other cargo
	Foreign	₹92.83 per MT	₹174.11 per MT	₹118.69 per MT	₹219.89 per MT
	Coastal	₹55.70 per MT	₹104.47 per MT	₹69.75 per MT	₹131.93 per MT
(ii).	Excavators	Bulk cargo	Other cargo	Bulk cargo	Other cargo
	Foreign	₹22.55 per MT	₹22.55 per MT	₹24.89 per MT	₹46.10 per MT
	Coastal	₹13.53 per MT	₹13.53 per MT	₹14.63 per MT	₹ 27.66 per MT

C. Performance Standard:

Cargo category	Original Proposal		Revised Proposal	
	Cargo handled		Cargo handled	
	Floating Crane	Excavator	Floating Crane	Excavator
Dry Bulk Cargo	9800 Tons per day	7560 Tons per day	9800 Tons per day	6000 Tons per day
Other cargo	5226 Tons per day	4032 Tons per day	5226 Tons per day	3200 Tons per day

8.3. The VOCPT vide its letter dated 19 December 2013 has further clarified as below:

- (i). Capital cost for Floating crane of ₹55.97 crores includes pontoon cost & 3 number of self-propelled barges, after adopting Euro exchange rate of ₹85.43 as on 16.12.2013 based on the Budgetary offer received from Liebherr Ltd. (for Floating crane) & M/s.Seacon Ltd., Visakhapatnam (for Poantoon) & M/s.Dempo Ship building and Engineering Pvt. Ltd., Goa (for 3 nos. of Self-propelled barges). Further, the said Pontoon cost includes the cost of two auxiliary engines. The detailed estimate of the Floating crane along with pantoon cost has already been submitted separately vide letter dated 17 December 2013.

- (ii). In its proposal dated 26 November 2013, the calculation of capital cost in respect of Floating crane the rate of customs duty was considered as 3% under EPCG Scheme. In the revised workings submitted vide letter dated 17 December 2013, the rate of customs duty for the floating crane is modified as 14.71% as per the applicable customs duty rate for the Floating crane equipment based on the query raised by one of the prospective bidder viz. CGU Logistics Pvt. Ltd., Mumbai.

- (iii). Fuel consumption for auxiliary engine fitted with Pontoon for holding the Floating crane is considered at the rate of 30 liters per hour based on the capacity (Brake Horse Power) of Diesel Engine, as detailed below:

186 BHP Diesel engine x 0.161 liters/ hour/ BHP = 29.95 liters say 30 litres per hours.

This is understood from the manufacturer of Pantoon.

- (iv). The fuel consumption during the time of loading the cargo from ships to barges through Floating crane at Anchorage and during the unloading of cargo from Barges by Excavator at Shore is considered at 1/8th of normal consumption of operational hours of barge in line with the approach approved by the Authority for the proposal of Kandla Port Trust in respect of Floating crane.

8.4. The VOCPT has, vide its email dated 19 December 2013, further clarified as below:

- (i). Fuel consumption for auxiliary engine fitted with Pontoon holding the Floating Crane is considered at the rate of 30 liters per hour to meet the Power requirement of crew accommodation in the pontoon such as AC, lights, hot plates for cooking, computers etc.. for 24 hours and 365 days. In this regard, a query has also been raised by one of the prospective bidder viz. CGU Logistics Pvt. Ltd., Mumbai.

- (ii). Further, the fuel consumption of idle hours @ 12 liters per hour in respect of floating crane was considered initially, while submitting the TAMP Application dt. 26.11.2013 has been replaced due to the above reasons and the same has been submitted vide letter dated 17 December 2013. Hence the fuel consumption for idle hours does not arise.

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

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

- (i). The proposal of the VOCPT is to fix upfront tariff for dry bulk cargo, and other cargo envisaged to be handled at anchorage for vessels having draft more than 12.8 mtrs. in V.O. Chidambaranar Port Trust (VOCPT) by deployment of floating crane under Public Private Partnership (PPP) mode.

Presently, the maximum draught available in VOCPT is 12.80 metres. In order to facilitate discharge of cargo at anchorage in respect of vessels with draft beyond 12.8 mtr. prior to handling vessels at its berths, and improve the traffic handled through the port, the VOCPT has proposed deployment of floating crane at anchorage under Public Private Partnership (PPP) mode. As reported by VOCPT, the Ministry of Shipping (MOS) has accorded approval of deployment of floating cranes (two numbers) for anchorage operations at the VOCPT.

- (ii). It can be seen from the factual position brought out in the earlier paragraphs that the original proposal filed by VOCPT dated 22 October 2013 contained a lot of deficiencies. The VOCPT has subsequently revised its proposal twice vide its letter dated 26 November 2013 and the final revised proposal filed vide its letter dated 17 December 2013.

As brought out in the earlier paragraphs, in the initial proposal filed by VOCPT dated 22 October 2013, the VOCPT has proposed to adopt upfront tariff for floating crane from the upfront tariff Order for Kandla Port Trust (KPT) which was for consolidated Barge handling facilities at Bunder Basin. While furnishing reply to our queries, the VOCPT furnished the scope of work for the licensee of the project. The scope of work included handling of cargo at shore (movement from barge to shore). The October 2013 proposal of the port, however, did not cover fully the scope of work envisaged by the port for the proposed project. Moreover, as brought out in the earlier paragraphs bringing out the factual position, the scope of work envisaged by VOCPT gave Licensee various options for collection of charges for shore handling which was also not found to be in line with the approach to be adopted by a Major Port Trust for formulation of Reference Tariff proposal under 2013 guidelines. Since the entire arrangement envisaged in the scope of work for shore handling was found to be not in line with revised tariff guidelines of 2013 and also in view of other gaps observed in the proposals, the VOCPT was advised to examine and file a revised proposal.

The VOCPT filed a revised proposal dated 26 and 29 November 2013 wherein the port has incorporated shore handling charges. The revised proposal dated 26 November 2013 along with Performance Standard furnished vide its letter dated 29 November 2013 were taken on consultation with the concerned users/ user organizations and prospective bidders as informed by the VOCPT.

Some of the prospective bidders like, M/s.CGU Logistics Ltd. (CGULL), M/s.Sical Logistics Limited (SLL) have raised serious objection on the estimate of capital cost of floating crane by the VOCPT. The capital cost of floating crane estimated by VOCPT is significantly low and it does not factor capital cost of various items

like pontoon on which the floating crane is to be installed, generators and auxiliary generators, etc., as pointed out by them. It also does not factor corresponding operating cost for these items. Therefore, the VOCPT was advised to re-examine the estimate of capital and operating cost of floating crane and submit the revised proposal. In this backdrop, the VOCPT has filed a further revised proposal dated 17 December 2013. In the final revised proposal the VOCPT has re-examined and revised the estimates of capital cost of floating crane as well as estimates of the operating cost. The final revised dated 17 December 2013 are mainly to address some of the concerns expressed by users/ short listed bidders, queries raised by us so as to remove the deficiency in its earlier revised proposal dated 26 November 2013. The final revised proposal filed by VOCPT on 17 December 2013 along with the information/ clarifications furnished during the processing of the case is considered in this analysis.

It is relevant here to state that right from the beginning from the stage of framing the proposal as well as during the entire processing of this case, it is seen that the approach of the VOCPT was not in a focused manner. Still some of the queries raised by us and the comments of the users/ prospective bidders are not frontally addressed by the VOCPT. Given that the mandate is to dispose the reference tariff proposal within specified time frame under the revised tariff guidelines of 2013, the case is proceeded completely relying on the information and clarifications furnished by the VOCPT subject to a few modification wherever found necessary as explained in the subsequent paragraphs.

- (iii). The proposal of the VOCPT is based on the Revised Guidelines for Determination of Tariff for Projects at Major Ports, 2013, effective from 9 September 2013, issued by the Ministry of Shipping. Clause 2.4 of the said guidelines stipulates that if in the view of the Major port Trust, the tariff determined for a particular commodity under 2008 guidelines at that Major Port Trust or any other Major Port Trust is not a representative Reference Tariff for that commodity, then the Major Port is free to approach this Authority with a proposal to fix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification.

The VOCPT has submitted that cargo handling by using Floating Crane at outer Anchorage has not been envisaged at VOCPT till date and hence no upfront tariff is available for adoption in the Port. The VOCPT has also clarified that scope of work envisaged in the Project is not covered in the reference tariff of other Major Port Trusts. It is in this context, the VOPT has in its revised proposal dated 26 November 2013 and further revised proposal dated 17 December 2013 proposed fixation of Reference Tariff for the proposed project following the principles of 2008 Guidelines. The proposal filed by VOCPT is generally found to be in line with provisions contained in the revised guidelines of 2013.

- (iv). Before proceeding ahead with the analysis of the case, it is relevant to address a few issues concerning the subject proposal. It is seen from the Ministry of Shipping (MOS) letter No.PD-25021/14/2013-VOCPT dated 20 November 2013 copy of which was forwarded by the VOCPT that the MOS has conveyed its approval to the VOCPT for licensing two floating cranes for a period of 10 years. The port has, however, considered one floating crane at the anchorage. The port has clarified that another floating crane will be licensed if the capacity of the first floating crane reaches 75% of the capacity estimated. Since the proposal filed by VOCPT before this Authority is for fixation of Reference tariff for one floating crane, it is abundantly clear that the Reference tariff determined in this case by this Authority will apply for one floating crane to be awarded by the VOCPT. The VOCPT is, therefore, advised to clearly mention in the bid document as well as in the Concession Agreement that the Reference Tariff approved by this Authority in this case is for operations of one floating crane only at the anchorage operations.

The IMC Limited has stated that the MOS has granted approval only for license of operation of two floating cranes and no license for operation of shore handling equipment is found on record and without such approval, the tariff setting for shore handling stands null and void. In this context as stated earlier, the VOCPT envisages the scope of work for licensee under the proposed project to provide shore handling facility for transfer of cargo from barge to shore also apart from cargo handling through floating operation at anchorage. In fact, it is in this context the VOCPT has proposed rate for excavator for shore handling in its revised proposal dated 26 November 2013. The VOCPT has also clarified that the approval is granted by MOS for Anchorage Operation and it includes barges and excavators. In view of the above clarification furnished by the port and recognising that the scope of work envisaged by the port under the project covers shore handling for transfer of cargo from barge to shore, the final revised proposal of the VOCPT covering cargo handling from barge to shore is seen to be in line with the scope covered of the project. We have gone by the proposal of the port.

- (v). The VOCPT has stated that the arrangement under this project is proposed to be made among the existing stevedores/ prospective stevedores who are required to register themselves with the port. Inviting bids for the PPP project is completely in the domain of the concerned Major Port Trust and this Authority does not play any role in this regard.
- (vi). The Seapol Logistics limited (SLL) has pointed out that there is no feasibility study for assessing traffic potential for floating crane operations which is important to give due consideration to traffic that could be handled by floating crane. It has viewed that the projected optimal capacity of floating crane is unlikely to be realised into traffic. The proposal to handle cargo at anchorage has arisen to handle vessels of beyond 12.8 meter draft so as to reduce pre-berthing detention. Hence, the VOCPT is of the view that the issues raised by SLL are not relevant. However, the reasons expressed by VOCPT for not conducting Feasibility study does not seem to be justified. It is relevant to mention that, all Major Port Trusts have furnished copy of the Feasibility Report while processing their respective upfront tariff proposals. It is one of the required documents to be submitted by the concerned port as per the checklist of documents circulated to all Major Port Trusts for filing upfront tariff proposal. In the absence of the feasibility report despite a request made in this regard, the case is processed further completely relying on the judgment of the VOCPT in framing and filing of the instant proposal without conducting feasibility study.
- (vii). It is relevant to mention here that the tariff guidelines of 2008 do not prescribe explicit norms to handle cargo by floating crane and excavators. The VOCPT has stated that the proposed Reference Tariff is arrived following the principles prescribed in upfront guidelines of 2008 and the methodology followed by this Authority in the upfront tariff Order No.TAMP/45/2011-KPT dated 18 June 2012 relating to barge handling facilities at Bunder Basin of Kandla Port Trust (KPT). Clause 3.2 of the Guidelines permits this Authority to make necessary adjustments in the norms based on the justification to be furnished by the concerned port trust keeping in view the port specific conditions. In the absence of any specific norms prescribed in the tariff guidelines of 2008, based on the position explained by VOCPT that it has filed the proposal following the principles prescribed in upfront guidelines of 2008 and the methodology followed by this Authority in the upfront tariff Order No.TAMP/45/2011-KPT dated 18 June 2012 of Kandla Port Trust (KPT), the case is proceeded for analysis.

It is, however, relevant to mention here that the upfront tariff approved by this Authority in the KPT is for composite service for cargo handling using floating crane at Outer Tuna Buoy using floating crane and composite barge handling rate for unloading of the cargo from barges and transfer of the same upto the point of storage, storage at the stackyard and loading on to rakes/ trucks in respect of import cargo and vice versa for export cargo. Whereas in the instant case, the

proposal of the VOCPT is for specific cargo operation viz. unloading from ship to barge at anchorage using floating crane and unloading from barge to shore at berth using excavators. It is seen that the VOCPT has borrowed the relevant parameters from the KPT order relating to the floating crane and excavators in its proposal for fixation of Reference Tariff for cargo handling operations at anchorage by deployment of floating crane.

(viii). Optimal capacity:

(a). Floating Crane at anchorage:

- (i). Deployment of one Floating crane is envisaged to carry out cargo handling operations at anchorage. As stated earlier, no separate norms are available in the Guidelines for the number/ working of Floating cranes.
- (ii). VOCPT has assessed the optimal capacity of the floating crane at 2.49 million tonnes per annum. The VOCPT has considered the handling rate of dry bulk cargo at 9800 tonnes per day and the handling rate of other cargo at 5226 tonnes/ day. The VOCPT has clarified that dry bulk cargo covers coal and coke, fertilizer, fertilizer raw material, limestone, gypsum and pulses and other cargo is stated to cover explosives and timber logs. The port has confirmed that it does not envisage to handle thermal coal. The cargo profile furnished by the VOCPT is relied upon in the absence of any Feasibility Report conducted by the port.

In the upfront tariff Order of KPT dated 18 June 2012, the handling rate of floating crane was considered at 21,840 tonnes/ day for dry bulk cargo, 11,640 tonnes/ day for break bulk and 7,272 tonnes/ day for timber logs. The VOCPT was, therefore, requested to justify the handling rate proposed by the port which is significantly lower than the KPT case for similar operations envisaged by the KPT for cargo loading/unloading operations at anchorage using floating crane. The VOCPT in this context has clarified that as per the manufacturer recommendations, the handling rate of floating crane is in the range of 12000 to 14000 tons per day for unloading of cargo from ships to barges. Based on the recommendation of the manufacturer, VOCPT has considered the maximum handling rate of 14000 tonnes/ day and has applied operating load factor 70% to arrive at the cargo handling rate of floating crane at 9800 Tonnes per day for dry bulk cargo. As regards the 70% operating load factor applied by the VOCPT, it is seen that it is in line with the approach followed in assessing the optimal capacity of floating crane in the KPT case and hence accepted in this case as well.

The VOCPT has substantiated the base handling rate of 14000 Tonnes/ day as per the manufacturer's specification with a copy of an e-mail received by the port from the manufacturer of Floating crane. It is seen from the manufacturer's recommendation that the handling rate for loading operation is expected to be in the range of 24000 to 26000 tonnes per day, whereas for unloading operations, handling rate is recommended in the range of 12000 to 14000 tonnes/ day. It is relevant to mention here that the handling rate considered in KPT involved both loading as well as unloading operations by floating crane at anchorage and it was based on proposal of the KPT. The VOCPT has stated that its proposal only envisages unloading of cargo at anchorage. In view of the above position and also recognising that the handling rate

for unloading cargo considered by VOCPT is supported by documentary evidence in the form of recommended handling rate by manufacturer of the equipment, the handling rate assumed by the VOCPT is relied upon and considered in this analysis.

The SLL has pointed out that handling rate of 14000 T/day is unrealistic considering the sea condition and other factors influencing the anchorage operation. It has to be recognised that the port has applied the operating load factor of 70% and has finally considered handling rate of 9800 Tonnes/ day for dry bulk cargo for optimal capacity of the floating crane. Since the maximum handling rate assumed by the VOCPT is based on the recommendation of the manufacturer there is no reason for scaling down the handling rate assumed by the VOCPT. In fact, as stated earlier, in the KPT case the handling rate for similar capacity floating crane has been considered at higher level for both loading and unloading operations.

For “other cargo”, the VOCPT has considered handling rate at 53.33% of the handling rate of “dry bulk cargo” reportedly based on ratio adopted in the Kandla Port Trust Tariff. In the case of VOCPT, the port has stated that ‘other cargo’ covers timber and explosive. Whereas in the case of KPT, the ratio of 53.33% of the handling rate of dry bulk cargo was considered for “steel and bagged cargo” and for “Timber” 33.33% of the handling rate of dry bulk cargo was considered. Bringing out the above position, the VOCPT was requested to explain how the said percentage applied for ‘steel and bagged cargo’ at 53.33% of the handling rate for dry bulk cargo in KPT is relevant for ‘other cargo’ covering timber and explosive proposed by VOCPT with a request to review the handling rate, if necessary. The VOCPT in this regard has requested to retain the ratio of 53.33% as proposed by them stating that timber logs are considered as break bulk cargo like steel & bagged cargo and has stated that share of combined handling of Timber logs and explosives is 1% in the optimal capacity. In view of the clarification furnished by the VOCPT, the handling rate for other cargo is considered at 53.33% of the handling rate of the dry bulk cargo as proposed by the VOCPT. Accordingly, the VOCPT has arrived at the handling rate of other cargo at 5226 tonnes / day (i.e. 9800 Tonnes/ day x 53.33%). In our analysis, the handling rate for other cargo is considered at 5226.34 tonnes/day without rounding off.

- (iii). The VOCPT has considered the share of dry bulk cargo at 99% and share of other cargo constituting of timber and explosives at 1%. The port has clarified that percentage share of cargos are considered based on the cargo handling data of the Port. The percentage share of cargo groups considered by the port in the optimal capacity computation is relied upon.
- (iv). As per the formula prescribed in the guidelines, the factor of 70% is to be applied only once for determining the optimal capacity. For arriving at the optimal capacity of the floating crane, the VOCPT has applied the factor of 70% at two stages. First, as the load factor on handling rate recommended by the manufacturer (i.e. 14,000 tonnes/ hour * 70%= 9800 T/ day) and the second in the overall capacity calculation as prescribed in the norms.

The norms do not allow separate cushion in each of the parameters relevant for determining the capacity. As stated earlier, the VOCPT has reportedly adopted the approach followed in the KPT case. This Authority has for the reasons stated by the KPT has allowed to consider 70% as operating load factor to arrive at the handling rate of floating crane. Apart from that, 70% capacity utilisation norm prescribed in the 2008 guidelines is also considered for assessing the optimum capacity of floating crane. The same approach was allowed for excavators also in the case of KPT. That being so, the approach followed by the VOCPT which is in line with the approach followed in the case of the KPT is accepted for assessing the optimal capacity of floating crane. It is noteworthy that in case of fixation of upfront tariff for mechanized iron ore handling at WQ 1 berth of VPT vide Order No.TAMP/32/2010-VPT dated 29 November 2010 also, equipment efficient factor was reckoned to factor the time taken for operational requirements (over and above the norm of 70% prescribed in the guidelines).

- (v). Thus, based on the percentage share of cargo mix and the individual handling rate of dry bulk cargo and other cargo the optimal capacity of the floating crane for handling dry bulk cargo comes to 2,478,861 tonnes per annum and for “other cargo” it comes to 13,353 tonnes per annum aggregating to 2,492,214 tonnes per annum as against 2,492,194 estimated by the VOCPT. There is marginal difference in the optimal capacity estimated by the VOCPT. The optimal capacity for floating crane is considered as estimated by us at 2,492,214 tonnes per annum i.e. 2.49 million tonnes per annum.

(b). Excavators:

- (i). The VOCPT has proposed to deploy 2 excavators and has considered the optimal capacity of two excavators at 2.49 MTPA at the level of the optimum capacity of the floating crane. Despite request, the port right from the first proposal of October 2013 till the final revised proposal dated 17 December 2013 has not assessed the optimal capacity of the excavators independently based on the handling rate of the excavator on the grounds that the optimal capacity of floating crane assessed at 2.49 MTPA only be handled through two excavators. Notwithstanding the above position maintained by the VOCPT, in the modified cost statement prepared by us the optimal capacity of the excavator is calculated based on the handling rate parameter indicated by the VOCPT which is explained in the following paragraphs.
- (ii). No explicit norm is prescribed in the 2008 Guidelines for the Excavators. By considering 100 moves per Excavator per hour with a load factor of 70% and by equating 4.5 cum bucket capacity of one excavator to 1 tonne per cum and based on 24 operating hours per excavator per day, the VOCPT has arrived at the handling rate of dry bulk cargo at 630 tonnes per hour for 2 excavators. It is relevant to mention that in the KPT, the handling rate for similar capacity of three numbers of excavators was considered at 945 tonnes/ hour. Hence proportionately for two excavators, the handling rate comes to 630 tonnes/ hour. Since the handling rate considered by the VOCPT is in line with the approach followed in the KPT case and adjusted for 2 numbers of excavators instead of 3 number of excavators considered in the KPT, the same is relied upon and considered in this analysis. For

reasons explained in the subsequent paragraphs, the proposal of VOCPT for deployment of 2 excavators has been accepted.

- (iii). For arriving at the optimal capacity of the excavator, the VOCPT has applied the factor of 70% at two stages as done in the case of floating crane. First, as the load factor on number of moves per hour per excavator (i.e. 100 moves * 70%) and the second in the overall capacity calculation as prescribed in the norms. In the KPT case, this Authority has accepted the argument of the KPT that 100 moves per hour is the rated capacity provided by suppliers and hence 70% of such rated capacity is to be taken as the handling rate for assessing the capacity. Apart from this, norm of 70% prescribed in the guidelines is also considered in assessing the capacity. Hence, the approach followed by the VOCPT of applying 70% factor for assessing the optimal capacity of excavator is accepted.
- (c). The handling rate for “other cargo” is considered at 53.33% of the handling rate of “dry bulk cargo” in line with the approach followed in the case of floating crane by the VOCPT. This is also in line with the approach followed in the case of the KPT. Accordingly, the handling rate for other cargo comes to 336 tonnes day (630 T/ day * 53.33%).
- (d). Thus, based on the percentage share of cargo mix and the individual handling rate of “dry bulk cargo” and “other cargo”, the optimal capacity of the two excavators works out to 38,45,131 tonnes per annum i.e. 3.85 million tonnes per annum.
- (e). As stated earlier, though the VOCPT has furnished the parameters of handling rate for two excavators, it has not independently assessed the optimal capacity of 2 excavators based on the handling rate of these equipment, despite request. The port has stated that cargo handled by Floating crane only are available for handling by two excavators in the shore and hence the optimal capacity of floating crane is taken as the optimal capacity for two Excavators also.

It is seen that the optimal capacity of two excavators based on their handling rate comes to 3.85 MTPA. Considering the optimal capacity of floating crane assessed at 2.49 MTPA, there is wide mismatch in the optimal capacity of floating crane and optimal capacity of two excavators. Since, the port has proposed to restrict optimal capacity of excavators at the optimal capacity for floating crane, the VOCPT was specifically requested to justify the need for deployment of 2 nos. of Excavators and also confirm whether two number of excavator are absolutely essential for the proposed project. The VOCPT has clarified that considering the discharge rate at anchorage at 9800 Tonnes per day, two excavators at shore is essentially required for the project. It can be seen that if the number of excavators is reduced from two to one, the optimal capacity of one excavator will become half i.e. 1.92 MTPA (optimal capacity assessed for two excavators at 3.85 MTPA/2). This cannot meet the optimal capacity of the floating crane assessed at 2.49 Million tonnes per annum. In view of the above position and based on the clarification furnished by the VOCPT that two excavators are essential for the proposed project to achieve the discharge rate of 9800 Tonnes / day for the floating crane, the proposal of VOCPT for two excavators is accepted despite wide mismatch in the optimal capacity of floating crane and two excavators. It is relevant here to mention that in the KPT also the optimal capacity of 3 excavators at barge jetty was assessed at 4.71 MTPA and the optimal capacity of floating crane was assessed at 4.53 MTPA. The mismatch in both these capacities was allowed by this Authority in the KPT case also though the

mismatch is not as wide as in instant VOCPT case. The VOCPT has remained silent on the clarification sought whether the port envisages the two excavators to be utilized for handling of any other cargo by the BOT operator to achieve the optimal capacity of excavators.

In view of the above position and also recognising that in the instant case the port has affirmed that two excavators are essential for the project but at the same time since the VOCPT has also emphatically stated that the optimal capacity of cargo handled by the floating crane will only be cargo that will be handled at shore by two excavators, optimal capacity of cargo to be handled by two excavators is pegged at optimal capacity assessed for the floating crane at 2.49 MTPA in line with the approach followed by the VOCPT.

(ix). Capital Cost:

The VOCPT in its earlier revised proposal dated 26 November 2013 had estimated the total capital cost of the proposed project at ₹5887.80 lakhs comprising of ₹4612.65 lakhs for Floating crane operations including three self-propelled barges at anchorage and ₹1275.15 lakhs for excavators at shore. In view of the serious observation made by some of the users/ prospective bidders that the capital cost estimates do not include a few items, the VOCPT has re-examined the estimates of capital cost in its final revised proposal dated 17 December 2013. The VOCPT in its final revised proposal dated 17 December 2013 has estimated the total capital cost of the proposed project at ₹7070.51 lakhs comprising of ₹5877.37 lakhs for Floating crane operations at anchorage and ₹1193.15 lakhs for Excavators at shore.

(a). Civil works:

The VOCPT has stated that the scope of the PPP project is limited to unloading of cargo into barges at the anchorage and later on unloading the same cargo at the shore. Hence, capital cost toward civil works is not relevant in the project and hence not considered. Likewise, no capital cost for berth is also considered by the VOCPT.

(b). Equipment:

(i). Floating Crane operations:

As stated earlier, the configuration of equipment proposed to be deployed by the VOCPT at the anchorage is different from the equipping plan stipulated in the Upfront Guidelines of 2008 for handling multipurpose cargo. The VOCPT has proposed deployment of one floating crane of 35T capacity and three self-propelled barges for unloading cargo from vessels more than 12.8 mtrs. draft onto barges and considered these two items in the estimate of capital cost for floating crane operations. As stated earlier, in view of the objection raised by some of the users, the VOCPT has revised the estimate of capital cost for floating crane operations by including the capital cost of pontoon and two auxiliary engines in the capital cost of floating crane.

The CGU Logistics Limited has pointed out that the VOCPT has considered customs duty @ 3% under EPCG scheme while estimating the capital cost. But, since majority of cargo to be handled will be coal which is imported, EPCG scheme will not be applicable and 3% customs duty estimate are not representative. In view of the observation made by the prospective bidder, the VOCPT in its revised proposal dated 17 December 2013 has

modified the rate of customs duty element in the estimate of capital cost and reportedly applied the duty based on the applicable customs duty which is relied upon.

The VOCPT has furnished copy of the budgetary quotations with reference to floating crane at ₹2,400,000 Euros. The VOCPT has considered the customs duty on imported equipment, freight and other cost elements while arriving at the capital cost in respect of imported floating crane. The VOCPT has updated exchange rate on equipment envisaged to be imported applying the exchange rate prevailing at the time of filing the revised proposal dated 17 December 2013. For pontoons including auxiliary engines the capital cost estimated at ₹1058.97 lakhs has also been substantiated with copy of the budgetary quotation. Since, the revised capital cost estimated by the VOCPT for floating crane and pontoon is supported with budgetary offers and detailed working is furnished for the same, the estimates of VOCPT are relied upon and accepted. In fact, the 2008 guidelines requires this Authority to rely on the estimate of the Major Port Trust. Accordingly, the capital cost of floating crane with pontoons is considered at ₹3554.62 lakhs. The port has also furnished budgetary quotation for capital cost of self-propelled barges and furnished detailed working considering freight, excise duty and other cost elements to arrive at capital cost of ₹2042.88 lakhs for three numbers of self-propelled barges which is relied upon.

- (ii). The VOCPT has estimated Miscellaneous cost @ 5% of the equipment cost as per the norms prescribed in the guidelines which comes to ₹279.87 lakhs.
- (iii). Accordingly, the total capital cost towards floating crane operations including 5% miscellaneous cost at ₹5877.37 lakhs as estimated by the port is considered.

(c). Excavators:

- (i). The VOCPT in the earlier revised proposal of November 2013 had relied upon the capital cost estimated in the KPT case for excavators by proportionately adjusting the cost for number of excavators proposed for the project. In the final revised proposal dated 17 December 2013, however, VOCPT has furnished budgetary quotation with reference to the cost of the one excavator at 497000 Euros. The KPT has considered the prevailing exchange rate. Custom duty @ 26.11% and other cost elements like shipping charge, freight and insurance and miscellaneous cost and arrived at capital for one excavator at ₹568.16 lakhs. The cost of excavator estimated by the VOCPT is comparable to the unit cost of excavator considered in the KPT case at ₹607.21 lakhs. Accordingly, the cost of 2 Excavators at ₹1136.33 lakhs as estimated by the port is relied upon and considered.
- (ii). For the reasons explained earlier, Miscellaneous cost @ 5% of the excavator cost which comes to ₹56.82 lakhs estimated by VOCPT is relied upon.
- (iii). Accordingly, the total capital cost towards excavators including 5% miscellaneous cost at ₹1193.15 lakhs as estimated by the port is considered.

- (d). To sum up, the total capital cost for both floating crane operations at anchorage and excavators at shore is considered at ₹7070.51 lakhs as estimated by the VOCPT.
- (e). Return on capital employed is calculated at 16% of the estimated revised capital cost, as per the norms prescribed in the guidelines.
- (x). Operating Cost for Floating Crane operation and Excavators:
 - (a). Fuel cost for Floating Crane operation:
 - (i). In the earlier revised proposal dated 26 November 2013, the VOCPT has estimated fuel cost for 6156 operating hours at 96 litres/ hour and 12 litres/ hour for 2604 idle hours aggregating to total 8760 hours i.e. 365 days * 24 hours.
 - (ii). As regards fuel consumption of 96 litres/ hour, it is in line with the fuel consumption considered in the KPT case as well as in fixation of charges for transhippers and floating crane in the MOPT Order No.TAMP/30/2011-MOPT dated 2 May 2012. Hence, fuel consumption of 96 litres for operational period of floating crane is accepted. However, the operational hours for estimating fuel consumption is corrected as 6132 hours (i.e. 365 days x24 hours x 70%) in line with the approach followed in the KPT instead of 6156 hours considered by the VOCPT.
 - (iii). The VOCPT estimated fuel cost @ 12 litres/ hour for 2604 idle hours in its earlier revised proposal dated 26 November 2013 stating that even during idle hrs. power is required by floating crane for lighting purpose, air conditioning system and other electrical installations.

However, CGU Logistic Limited and few other users have pointed out that floating crane and barge need to deploy crew all the year round the clock to ensure smooth operations and safety of equipments. Since the crew is on board, basic electricity consumption such as AC, lights, hot plates for cooking, computers etc. will be required for the entire year and not just during the idle period and hence requested the VOCPT to revise the fuel consumption needed by auxiliary generator for the full year. It is in this context, the VOCPT has re-examined the fuel cost and in the final revised proposal considered the fuel cost for auxiliary engine at 30 litres/ hour for entire year i.e. for 8760 hours (365 days x 24 hours). The fuel consumption for auxiliary engines at 30 ltrs/ hour is reportedly based on the horse power of the engine and based on the information obtained by the port from the manufacturer. As stated earlier, the tariff guidelines of 2008 do not specify any specific norms for floating crane operations or for auxiliary engine. Hence, no norms for fuel consumption for auxiliary engine is available in the 2008 guidelines. In the Kandla Port Trust as well as in the MOPT, fuel consumption of 12 litres/ hour for 2828 idle hours per annum was considered in addition to fuel cost estimated at 96 litre/ hour for 6132 hours of operating hours of floating crane. The VOCPT has emphatically stated that auxiliary engines installed on the crane has to work round the clock for providing lighting for crew accommodation, safety light, and air conditioning, etc. and hence will require fuel round the clock for 8760 hours at 30 litres/ hour. Relying on the clarification furnished by the VOCPT and also keeping in view that no separate norms for fuel consumption by auxiliary engine is

available in the 2008 tariff guidelines and also recognising that the inclusion of this cost element is triggered in view of observation made by one of the prospective bidders and since the VOCPT has stated that the basis for fuel consumption of auxiliary engine is based on the horse power of the engine, the power consumption by auxiliary engine at 30 ltrs per hour for 8760 hours (365 hours *24 hours) as estimated by VOCPT is relied upon and considered.

In view of considering fuel cost for auxiliary engine, the VOCPT has opined that fuel cost for idle hours of floating crane estimated by the port earlier is not required to be considered as the auxiliary generator installed on the crane will be working round the clock to provide the lighting, etc., to crew.

- (iv). In the KPT case, the KPT had estimated fuel cost for tugs at 100 litres per hour. The VOCPT has, however, not considered this cost element in the Reference Tariff proposed for floating crane. The VOCPT has subsequently vide its letter dated 19 December 2013 clarified that the floating crane will be shifted by using any of the self-propelled barges only as per the plan furnished. It has confirmed that usage of port tugs is not envisaged.
- (v). The VOCPT has estimated fuel consumption for three self-propelled barges at 100 ltrs. per hour per barge. It is relevant to mention here that in the KPT case, fuel cost for self-propelled barged was not considered. The VOCPT has estimated fuel consumption of 100 litres per barge for total 1869 hours being the time estimated by the VOCPT for transport of three barges to and fro from anchorage to shore to handle optimal capacity of 2.49 MTPA. In addition to that the port has estimated fuel consumption for three self-propelled barges at one eighth of 100 ltrs. per hour for total 5081 hours when the barges will be waiting at the anchorage for transfer of cargo from vessel to barge using floating crane and at shore for unloading of cargo from barge to shore using excavators to handle optimal capacity of 2.49 MTPA. The port has furnished working of fuel consumption based on the recommendation of manufacturer for 2 Horse power engine in a self-propelled barge for 270 HP X2 engines i.e. for 540 BHP at 87 litres/ hour. Apart from that, the fuel consumption for auxiliary engine is considered at 13 litres and thus the VOCPT has arrived at total fuel consumption of 100 litres per hour. In the absence of any specific norms for fuel consumption by a self-propelled barge prescribed in the 2008 guidelines and in the absence of such a parameter in the KPT case, the fuel consumption of 100 ltr/ barge/ per hour estimated by the VOCPT based on the manufacturer's specification is relied upon. The port has estimated one eighth of the normal fuel consumption of 100 liters/ hour i.e. 12.5 liters/ hour/ barge for the period when the barge is floating at the anchorage or at the shore while unloading cargo. The VOCPT has clarified that the fuel consumption during such period will be one eighth of the normal fuel consumption which is relied upon. Based on the clarification furnished by the VOCPT, the fuel consumption at one eighth of the normal fuel consumption of 100 liters/ hour/ barge i.e. 12.5 liters/ hour/ barge (100 ltrs./ 8) for the period when the barge is floating at the anchorage or at the shore for unloading of cargo from floating crane or the excavator as the case is accepted. Incidentally, even in the case of KPT, for floating crane operations for the idle hours, the KPT had estimated fuel consumption at one eighth of the normal fuel consumption of 96 litres / hour.

- (vi). As regards, number of hours considered for estimation of fuel cost for self-propelled barges, the VOCPT has furnished detailed working for arriving at 1869 hours for transport of barge to and fro and 5081 hours when barges are waiting at anchorage or at the shore for unloading of cargo, as the case may be, which is given below for ease of cross reference with reference to the analysis given in the subsequent paragraphs.

	Barge operation hours	
1	Capacity of Barge (Tonnes)	2,000
2	To & fro for transfer to shore-Hours	3.00
3	Loading time – Bulk = 99% on C1/408 tonnes in hours	4.85
4	Loading time – Others - 1% on C1/ (408 tonnes*(53.33%))	0.13
5	Unloading time with respect to excavators (C1/630 tonnes/ hrs.) in hours	3.17
6	Total Time (C2+C3+C4+C5) in hours	11.15
7	No. of trips per day (24hrs/ C6)	2
8	Total trips for three barges per day (C7*3)	6
9	Total Tonnage to be handled per day (C1*C8) in Tonnes	12,000
10	Total hours of operation of three barges (C6*3) in hours	33.46
11	Total Tonnage to be handled per annum	2,492,194
12	No. of hours of barge transport (to & fro) for 3 barges (C2*3*C11/C9) in hours	1,869
13	No. of idle hours ((C3+C4+C5)*C11/C9) in hours.	5,081

- (a). From the above table, it is seen that a barge per trip takes total 11.15 hours of which 3 hours is for to and fro movement of barge from anchorage to floating crane and 8.15 hours is taken by a barge for cargo unloading operations (11.15 hours less 3 hours).

One barge each carrying 2000 tonnes is expected to make 2 trips in a day. So, 3 barges are expected to handle 12000 tonnes per day (2000 tonnes/ barge x 2 trips x 3 barges). So, for handling optimal capacity of 2,492,194 tonnes, the three barges will take 207.68 days (i.e. 2,492,194 tonnes / 12000 tonnes / day).

Considering that each barge will take 3 hours for to and fro as given by the VOCPT per trip, for two trips, total hours for 3 barges comes to 3738.24 hours (i.e. 207.68 days x 3 hours/ trip x 2 trips x 3 barges). The VOCPT has considered 1869 hours for estimating fuel cost for self-propelled barges instead of 3738 hours. It is seen that the VOCPT has inadvertently not considered the element of 2 trips per barge stated in the above table for estimating the hours for estimating fuel consumption of self-propelled barges which is corrected in our working. Accordingly, the fuel cost for self-propelled barge is considered for 3738 hours.

Considering total 8.15 hours is taken per barge for waiting at anchorage and shore loading/ unloading operations as furnished by VOCPT, total hours for two trips per day comes to 10155.55 hours (i.e. 207.68 days x 8.15 hours/ trip x 2 trips x 3 barges). The VOCPT has, however, considered 5081 hours for estimating fuel cost for self-

propelled barges for this activity instead of 10155.55 hours. As stated earlier, VOCPT seems to have inadvertently not captured the element of 2 trips per barge. In our analysis, the fuel cost for self-propelled barge waiting at anchorage and at shore for cargo loading from vessel onto barge and also for unloading from barge to shore is considered for 10155.55 hours.

- (vii). The unit rate of diesel considered by VOCPT at ₹67.75 per litre is supported with the copy of the bill of port for October 2013 which is relied upon and hence considered.
- (viii). In view of the above analysis, the fuel cost considered for floating crane is ₹576.87 lakhs as against ₹578.43 lakhs considered by the VOCPT. The fuel cost of self-propelled barge is considered at ₹339.27 lakhs as against ₹169.65 lakhs estimated by the VOCPT. As stated earlier, the fuel cost estimated by the VOCPT for self-propelled barge does not factor two trips per barge to achieve the optimal capacity which is corrected in our calculations.
- (b). As regards excavators, fuel consumption estimated by VOCPT is 32 litres/ hour per excavator reportedly based on the fuel consumption considered in the excavator in the KPT Order. Since the capacity of excavator proposed by the VOCPT is same as the KPT and also since handling rate is considered same as in the KPT, the fuel consumption of excavator at 32 litres/ hour per excavator estimated by the VOCPT is accepted.
- (c). In the earlier revised proposal of 26 November 2013, the port had estimated fuel cost for excavators for total 3956 hours considering total optimal capacity of 2.49 MTPA over handling rate of two excavators at 630 T/ hour. Subsequently, in the revised proposal, the VOCPT has corrected the fuel consumption at 7912 hours considering that the 3956 hours is for one excavator and hence for two excavators it comes to 7912 hours.

It is seen that while arriving at the number of hours, the VOCPT has applied the uniform handling rate of 630T / hour instead of reckoning the lower handling rate for “other cargo” at 53.33% of the handling rate for dry bulk cargo.

In our working, working hours for excavators is arrived with reference to the optimal capacity of excavators estimated for each cargo category i.e. dry bulk cargo at 2,478,861 tonnes per annum and for other cargo at 13,353 tonnes per annum aggregating to 2.49 MTPA and considering the handling rate for handling dry bulk cargo at 630 tonnes/ hour and other bulk cargo at 336 hours. Accordingly, the working hours comes to 3974 hours. Hence, for two excavators the total working hours comes to 7948 hours as against 7912 hours. This difference arises because the VOCPT has not considered the differential handling rate of other cargo.

It is relevant here to state that for dedicated terminal handling facility, this Authority, based on the proposal of the port considered power/ fuel cost for 6132 hours i.e. 365 days x 24 hours x 70% for overall capacity of the terminal as against 4000 working hours norms prescribed in the guidelines. In the instant case, however, it is seen that the VOCPT has proposed two excavators and has insisted that the two numbers are required to achieve the optimal capacity of floating crane. Since the optimal capacity of excavator is restricted to the optimal capacity of floating crane, the fuel is required for operational period and hence estimated for operation period which comes to 3974 hours. This is

resulting into underutilization of excavator. As reported by the VOCPT, if number of excavators is reduced it may have an impact on achieving the handling rate considered for the floating crane. In view of the submissions made by VOCPT, modified operational hours estimated at 3974 hours per excavator is considered. It has to be borne in mind that if the fuel cost for excavator is estimated for 6132 hours per excavator, then cost higher than the level envisaged for operational period will get inbuilt in the tariff which may not be desirable. In view of the above position, deviation in the number of working hours from working hour norm of 4000 prescribed in the guidelines and 6132 hours considered for dedicated terminal is allowed by this Authority in this case. Accordingly, fuel cost for excavator is allowed to be estimated for operational period of 3974 hours in line with the approach adopted by the VOCPT. Similar deviation in number of hours was allowed in the case of Reference Tariff fixation of COPT for multipurpose cargo terminal for Q1 to Q3 berth.

As a measure of abundant precaution, it is clarified that this should not be quoted as a precedence by any other Major Port Trust for considering number of working hours lower than the norms prescribed in the 2008 guidelines.

- (d). The unit rate of diesel considered by VOCPT at ₹67.75 per litre and is supported with the copy of the bill of port for October 2013 which is relied upon and hence considered.
- (e). In view of the above analysis, the fuel cost considered for excavator is considered at ₹172.33 lakhs as against ₹171.53 lakhs considered by the VOCPT.
- (f). Repairs and maintenance cost is estimated by VOCPT at 5% on mechanical equipment i.e. relating to floating crane and excavators, which is in line with the norms prescribed in the guidelines of 2008.
- (g). Insurance cost is estimated at 1% of the gross fixed assets and other expenses are estimated at 5% of the gross value of fixed assets by VOCPT, which are in line with the norms prescribed in the guidelines of 2008.
- (h). In the earlier revised proposal dated 26 November 2013, the VOCPT had estimated depreciation on mechanical assets @ 10.34% as per the Companies Act, 1956 and according to the norms prescribed in the guidelines which is considered except for modification in the depreciation rate of mechanical assets.

The provisions as per the Companies Act, 2013 suggest that the useful life of heavy lift equipments be considered as 20 years. This translates to a depreciation rate of 5% per annum and as per the Act, the depreciation rate for three shift operation will be 10%. On being pointed out this position, the VOCPT in the revised proposal has computed depreciation on mechanical assets @ 10% on the estimated capital cost of equipment which is as per the depreciation rate prescribed in the Companies Act, 2013 and in line with approach followed in the recent Reference Tariff Order of CHPT for supply of HMC and other equipment, COPT case for Q1 to Q3 project. The depreciation estimated by the VOCPT in the final revised proposal is considered.

- (i). Since no land is proposed to be allotted in this project, the VOCPT has not estimated license fee.

- (j). Based on the above analysis, the total operating cost considered for floating crane activity works out to ₹2150.39 lakhs as against ₹1982.34 lakhs estimated by VOCPT. This increase in the estimation of operating cost is mainly because the VOCPT has not considered the fuel cost of self-propelled barges for two trips envisaged by the VOCPT in its proposal. The total operating cost for excavators is estimated at ₹422.89 lakhs as against ₹422.10 lakhs estimated by VOCPT.
- (xi). The IMC Limited has stated that while calculating the operating expenses, deployment of 'Operating Staff' is not considered which is part and parcel of basic stevedoring. This is a 'direct cost' element relating to commodity handling and not a 'general cost' element, according to IMC. Reference has been drawn upon the order passed by this Authority in case of Chennai Port Trust Ro-Ro cum Multipurpose Terminal wherein stevedoring cost for car movement was considered as operating expenses. Similarly, for shore handling staff deployment would be required for loading/ unloading of cargo and has requested that the same may be considered while calculating the handling cost. In this context, the VOCPT has clarified that the operating cost is estimated as per the norms prescribed in the 2008 guidelines. 5% of the gross fixed asset value has been considered in the operating cost to estimate 'other expenses'. 'Other expenses' consist of salaries and wages of maintenance staff including welfare and other staff related expenses. Therefore, estimation of cost towards operating staff separately would result in duplication and is not in line with the norms prescribed in the 2008 guidelines. The reference drawn by the IMC to RORO vessels in the CHPT is not found relevant in this case as rightly stated by the VOCPT as the project of VOCPT does not envisage to handle cars.
- (xii). The cost statements for fixing reference tariff furnished by the VOCPT have 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 Floating crane is estimated at ₹3090.77 lakhs as against ₹2922.72 lakhs estimated by the port. Similarly, the annual revenue requirement for the excavators is estimated at ₹613.79 lakhs as against ₹613.00 lakhs estimated by the port.
- (b). The tariff guidelines of 2008 prescribe norm to apportion total revenue requirement towards handling charge, storage charge and miscellaneous charge. Since the project envisages only cargo handling by floating crane and anchorage and shore handling by excavators, the port has stated that the entire revenue requirement is to be met from handling charge. The apportionment of revenue requirements for the remaining activities of Storage and Miscellaneous items does not arise. Based on the clarification furnished by the VOCPT, the entire revenue requirement estimated for floating crane is considered to recover handling charge from floating crane at anchorage and the entire revenue requirement estimated for excavator is considered to recover cargo handling charge at shore by excavators as proposed by the VOCPT.
- (c). (i). Clause 3.8.2 of the guidelines states that the tariff cap for different individual services is to be set appropriately in such a way as to achieve the annual revenue requirement. The VOCPT has estimated the share of foreign dry bulk cargo at 95% and coastal dry bulk cargo at 5%. In respect of 'other cargo' the port has estimated the entire cargo to be foreign. As per the Government policy on coastal concession the rate for handling coastal cars is to be 60% of the foreign rate. Based on the estimated revenue requirement, optimal capacity, share of foreign and coastal dry bulk cargo at 95 :5 and other cargo 100% foreign as furnished by the VOCPT and after capturing the revenue impact of coastal

concession, the handling rate by floating crane at anchorage for dry bulk cargo works out to ₹125.96 per tonne for foreign dry bulk cargo as against ₹118.69 per tonne for foreign dry bulk cargo proposed by VOCPT port and ₹75.57 per tonne for coastal dry bulk cargo as against ₹69.75 per tonne for coastal dry bulk cargo proposed by VOCPT port. For other cargo rate works out to ₹231.48 per tonne foreign as against ₹219.89 per tonne proposed by VOCPT. Though the port does not envisage any coastal cargo under others the port has proposed rate for coastal other cargo just to meet any eventuality. Similar approach had been followed in the upfront tariff Orders in other cases as well. That being so, the coastal rate for other cargo is prescribed at ₹138.89 per tonne as against ₹131.93 per tonne proposed by the VOCPT applying the concessional rate applicable for this category.

- (ii). On the similar approach, the handling rate of excavator for dry bulk cargo works out to ₹25.01 per tonne for foreign as against ₹24.89 per tonne for foreign dry bulk cargo proposed by VOCPT port and ₹15.01 per tonne for coastal dry bulk cargo as against ₹14.63 per tonne for coastal dry bulk cargo proposed by VOCPT port. For 'other cargo', rate works out to ₹45.97 per tonne foreign as against ₹46.10 per tonne proposed by VOCPT. Though the port does not envisage any coastal cargo under "others" the port has proposed rate for coastal other cargo just to meet any eventuality. That being so, the coastal rate for other cargo is prescribed at ₹27.58 per tonne as against ₹27.66 per tonne proposed by the VOCPT applying the concessional rate applicable for this category.
- (iii). As stated in earlier paragraphs the VOCPT has listed the cargo covered under dry bulk cargo viz. coal and coke, fertilizer, fertilizer raw material, limestone, gypsum and pulses. VOCPT has clarified that coastal cargo to be handled does not include thermal coal. Since thermal coal is not envisaged to be handled under this project, it is appropriate to elaborate the dry bulk cargo to state "dry bulk cargo other than thermal coal" to avoid any ambiguity in the Reference Tariff Schedule. As regards, the other cargo the VOCPT has clarified it includes timber and explosives. That being so, the description of other cargo is also elaborated as "other cargo - timber logs and explosives" in the Reference Tariff Schedule.
- (iv). It is seen that the VOCPT in the revised proposal has apportioned the estimated revenue requirement at 1% towards 'other cargo' and the resultant revenue requirement is further divided by 53.33% for arriving at the revenue requirement of floating crane and excavator for other cargo. The revenue requirement for dry bulk cargo is considered as the balancing figure. The approach adopted by the VOCPT is not found to be correct. The apportionment of revenue requirement is done in line with the approach followed in the other upfront tariff Orders. Detailed working of apportionment of revised revenue requirement for arriving at the per tonne rate is attached along with Annex - I.
- (xiii). Definitions of some of the common terms like foreign going vessel, coastal vessel, per day, tonne, Port, TAMP are included in upfront schedule in line with the definitions prescribed in the other upfront tariff cases. Definition of term "shift" is not found relevant as no tariff item is prescribed on per shift basis. The VOCPT at our instance has deleted definition of this term in its revised proposal dated 17 December 2013.

- (xiv). The note (iii) (a) proposed by the VOCPT relating to penal interest on delayed refund by terminal operator or delayed payment by user is not found to be in line with clause 2.18.3. of the 2005 guidelines which is uniformly prescribed in all the upfront tariff cases. The proposed note is, therefore, modified in line with the uniform prescription in other Major Port Trusts.
- (xv). Some of the common conditions stipulated in the guidelines of 2005 and uniformly prescribed in the Scale of Rates of other major ports/ private terminals and other upfront tariff cases such as users not required to pay charges for delays beyond reasonable level attributable to the private terminal operator, concession applicable to coastal cargo as per the Government policy, granting of rebate equivalent to berth hire charges in this case with reference to idling of barges due to breakdown or non-availability of excavator for shore handling or any other reasons attributable to Terminal operator are incorporated in the Reference tariff schedule. The conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates, as prescribed in other tariff schedules is proposed by the VOCPT and the same is included in the revised Reference tariff schedule.
- (xvi). Under the schedule relating to handling charge at anchorage the VOCPT has proposed a note stating that the tariff proposed for handling by floating crane includes unloading cargo from ships to barges using floating crane at outer anchorage and transporting the same through barges to shore. The proposed note is to cover the services included in the tariff item and hence approved.
- (xvii). Under the schedule relating to handling charge at shore, the VOCPT has proposed a note stating that the tariff proposed is for unloading cargo from barge to shore at berth. The proposed note is to cover the services included in the tariff item and hence approved.
- (xviii). The Seapol Logistic Ltd. (SLL) has pointed out that if coal is expected to cover thermal coal also, then a separate rate may be proposed for thermal coal as this cargo is not entitled for coastal concession as per coastal concession policy issued by the Ministry of Shipping. The VOCPT has clarified that it does not envisage to handle thermal coal under this project. The port in the revised SOR filed vide its letter dated 17 December 2013 has proposed a note stating that thermal coal does not come under the coastal category under both the schedules relating to handling charge at anchorage and handling charge at shore. As already stated earlier, to avoid any ambiguity, in the reference tariff schedule, dry bulk cargo is stated as "dry bulk cargo excluding thermal coal". This will address the concern of the SLL. Apart from this, as stated in the preceding paragraph, common conditionalities governing concession applicable to coastal cargo is prescribed which amply clarifies that thermal coal, POL including crude and iron ore and iron ore pellets are not entitled for coastal concession in the cargo related charges as per the coastal concession policy of the Government. Since the matter raised by SLL has been taken care in the revised reference tariff schedule approved by this Authority, note 2 proposed by the VOCPT is not found to be relevant and hence deleted.
- (xix). The VOCPT has proposed separate terms and conditions. The first note apart from reiterating the services included in the cargo handling charge at anchorage states that stevedoring charges shall be separately borne by the user/ vessel owner and the amount of stevedoring charges shall be paid to the licensed stevedores. Since the proposal of the VOCPT is reportedly to only cover the charges relating to operation of floating crane at anchorage and charges relating to operation of excavator at shore handling, the proposed note seems to have been incorporated. It is relevant to mention that similar condition is also prescribed in the Scale of Rates of KPT in the upfront tariff Order for barge handling facility. In view of similar prescription in the KPT upfront tariff Order which has been

adopted as the model in this case by the VOCPT and also recognising that none of the users / prospective bidders have made any adverse remark on the proposed note, the note as proposed by the VOCPT is allowed to be incorporated in the SOR of the VOCPT.

- (xx). The VOCPT has proposed one more note stating that if a self-geared vessel uses the floating crane for unloading cargo, it has to pay the charges for floating crane for the cargo handled through floating crane. The proposed note further states that there should be master certificate which clearly notifies the quantum of cargo handled through floating crane only at anchorage. Similar prescription was also approved in the KPT upfront case and hence approved in the VOCPT case also.

- (xxi). (a). As stated earlier, Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards.

- (b). In the earlier revised proposal of November 2013, the VOCPT has proposed Performance Standard for dry bulk cargo at 9800T/ day and for other cargo at 5226T / day for cargo handling by floating crane. For excavators, Performance Standard is proposed at 7560T/ day for dry bulk cargo and 4032T/ day for other cargo. In the final revised proposal, the VOCPT has retained Performance Standard for cargo handling by floating crane as in its earlier proposal but for excavators Performance Standard is proposed to be reduced to 6000T/ day for dry bulk cargo and 3200T/ day for other cargo. The VOCPT has stated that 12,000 tonnes/ day has to be handled by two excavators per day and hence the performance standard per excavator is revised to 6000T/ day for dry bulk cargo and 3200T/ day for other cargo.

It is relevant to mention that a letter has been addressed to the Ministry of Shipping requesting to advise all the Major Port Trusts to propose reasonable and achievable Performance Standards which should not be lower than the output (handling) rate considered in the optimal quay capacity calculation of the PPP project.

It is seen that the performance standards proposed by the VOCPT for handling dry bulk cargo and other cargo using floating crane is at the level of handling rate considered in the optimal capacity calculation of floating crane for each cargo items. Hence, the performance standard as proposed by the VOCPT for floating crane operations is notified. As regards, performance standards for excavators, handling rate considered in the optimal capacity calculation is 630T / hour for two excavators for handling dry bulk cargo and for other cargo at 336T/ hour. The revised Performance standard proposed by VOCPT translates to handling of 250T/ hour for two excavators (6000 T/ day / 24 hours) for dry bulk cargo which is found to be lower than the handling rate considered in the calculation of optimal capacity of excavators. Performance standard for excavator is prescribed at 315 tonnes per hour per excavator for handling dry bulk cargo and 168 tonnes per hour per excavator for handling other cargo in line with the handling rate of excavators considered in the optimal capacity calculation of excavators but proportionately adjusted for one excavator. This is in line with the approach followed in the recent COPT reference tariff fixed for multipurpose cargo berth at Q1 to Q3 and MBPT reference tariff fixed for harbor wall berth.

- (c). When the VOCPT was requested to propose conditionalities governing Performance Standards, the VOCPT has proposed to include a note stating that performance achievement for cargo handled by floating crane will be obtained from load meters available with ship/ floating crane. The said condition is included in the Performance Standard Schedule.

- (xxii). The IMC limited has requested this Authority to review the Agreements with the existing PPP operators (MHC mechanical handling and shallow draft) to see if any exclusivity is provided to them by the port to protect the interest of existing PPP concessionaries. The point made by the IMC to review the existing Agreements with the existing PPP operators does not fall in the domain of this Authority. It is for the concerned Major Port Trust to take care of these issues while drawing Concession Agreement as per the applicable procedures prescribed by the Ministry of Shipping in this regard.

11.1. As per clause 2.8. of the tariff guidelines of 2008 tariff caps notified by this Authority shall be automatically indexed every year to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January of 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. Clause 2.9. of the revised tariff guidelines of 2013 borrowing the principles of 2008 guidelines stipulates that Reference Tariff shall be automatically revised every year based on an indexation as provided in clause 2.2 of the revised tariff guidelines of 2013 i.e. 60% of the WPI for the period between 1st January of the year as prescribed in the relevant tariff order of TAMP under 2008 guidelines and 1st January of the subsequent relevant year for the entire concession period. In the instant case, the estimation of capital cost and unit rate of operating cost considered in the Reference tariff calculation are as of the year 2013. It is, therefore, found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2013.

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

11.3. The modified Reference Tariff Schedule for cargo handling at Anchorage by Floating crane and at Shore by Excavators at VOCPT is attached as **Annex - II** and the Performance Standards as modified by us is attached as **Annex - III**.

11.4. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the Reference Tariff Schedule for cargo handling at Anchorage by Floating crane and at Shore by Excavators at VOCPT and notifies it alongwith the Performance Standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

(T.S. Balasubramanian)
Member (Finance)

ANNEX - I

REFERENCE TARIFF CALCULATION FOR HANDLING CARGO AT ANCHORAGE BY FLOATING CRANE AND AT SHORE BY EXCAVATORS AT THE V.O. CHIDAMBARANAR PORT TRUST

₹ in lakhs

Sr. No.	Particulars	Estimates furnished by VOCPT in its proposal dated 29.11.2013	Revised Estimates furnished by VOCPT in its proposal of 17.12.2013	Estimates modified by TAMP
I	<u>Optimal Capacity of the Floating crane deployed at the Anchorage</u>			
(i).	Number of floating cranes	1	1	1
(ii).	Maximum handling rate per day (tonnes / day)	14000	14000	14000
(iii).	Operating Load factor	70%	70%	70%
(iv).	<u>Cargo Handling Rate</u>			
(v).	Dry bulk Cargo (in tonnes/day)	9800	9800	9800
		(14000 tonnes/day*70% = 9800 tonnes/day)	(14000 tonnes/day*70% = 9800 tonnes/day)	(14000 tonnes/day*70% = 9800 tonnes/day)
(vi).	Other Cargo (in tonnes / day)	5226.24	5226.00	5226.34
		(9800 tonnes/day*53.33% = 5226 tonnes / day)	(9800 tonnes/day*53.33% = 5226 tonnes / day)	(9800 tonnes/day*53.33% = 5226 tonnes / day)
(vii).	Operating hours in a day	24	24	24
	<u>Percentage of Cargo to be handled</u>			
(viii).	Dry bulk	99%	99%	99%
(ix).	Other Cargo	1%	1%	1%
(x).	<u>Optimal Capacity of the floating cranes</u>			
(xi).	Optimal capacity of the dry bulk cargo (in tonnes)	calculation not shown separately	calculation not shown separately	2478861
				365 days *0.7*(99%*9800 tonnes per day)
(xii).	Optimal capacity of the other cargo (in tonnes)	calculation not shown separately	calculation not shown separately	13353
				365 days*0.7*1%*5226.34 tonnes per day
(xiii).	Optimal Capacity of the floating crane (in tonnes)	2492194	2492194	2492214
(xiv).	<u>Optimal Capacity of the floating cranes (in Million Tonnes)</u>	2.49 MMT	2.49 MMT	2.49 MMT
II	<u>Optimal capacity of the Excavators</u>			
(i).	Number of excavators (4.5 cum bucket capacity)	2	2	2
(ii).	Moves per hour per Excavator	100	100	100
(iii).	Operating load factor (Cargo lifted in a single move as percentage of maximum possible volume)	0.7	0.7	0.7
(iv).	Handling rate of Dry bulk cargo by two excavators (in tonnes/ hour)	630	630	630
		(4.5 cum)*(1 Ton/cum)*0.7*(100 moves/hour)*2 = 630 Tonnes/hour	(4.5 cum)*(1 Ton/cum)*0.7*(100 moves/hour)*2 = 630 Tonnes/hour	(4.5 cum)*(1 Ton/cum)*0.7*(100 moves/hour)*2 = 630 Tonnes/hour
(v).	Handling rate of other cargo (in tonnes/ hour)	Not shown separately	Not shown separately	336
				630*53.33%=336 tonnes per hour borrowing the principle adopted by the VOCPT in the case of floating crane]
(vi).	Total hours for 2 excavators	17520	12264	12264
		(365 days*24 hours*2 excavators)	(365 days*24 hours*2 excavators*70%)	(365*24 hours*2*0.7)

Sr. No.	Particulars	Estimates furnished by VOCPT in its proposal dated 29.11.2013	Revised Estimates furnished by VOCPT in its proposal of 17.12.2013	Estimates modified by TAMP
(vii).	Considering barge capacity as 2000 tonnes, time required for operating one barge	3.17	3.17	3.17
		(2000 tonnes per barge/630 tonnes per hour= 3.17 hours)	(2000 tonnes per barge/630 tonnes per hour= 3.17 hours)	not relevant for capacity calculation
(viii).	Total operating hours of excavators for handling the floating crane capacity of 2.49 MMT	3956	7912	3974
		(2492194 tonnes/630 tonnes per hour)	(2492194 tonnes/630 tonnes per hour for 2 excavators)	(2478861 tonnes /630 tonnes per hour+13353.30 tonnes /336 tonnes per hour)
(ix).	Total Idle hours of the excavators	13564	4352	8290
		(17520-3956)	(12264-7912)	(12264-3974)
	<u>Percentage of cargo to be handled</u>			
(x).	- Dry bulk	99%	99%	99%
(xi).	- Other Cargo	1%	1%	1%
	<u>Optimal Capacity of the Excavators (in Million tonnes per annum)</u>			
(xii).	Optimal capacity of the dry bulk cargo	No separate working	2467272	3824528
				(70%*365 days*(630 tonnes per hour*24 hours*99%))
(xiii).	Optimal capacity of the other cargo	No separate working	249222	20602
				(70%*365 days*(336 tonnes per hour*24 hours*1%))
(xiv).	Optimal Capacity of the Excavators (2 nos)	2492194	2492194	3845131
(xv).	<u>Optimal Capacity of the Excavators (in Million tonnes per annum)</u>	2.49	2.49	3.85
(xvi).	The capacity of the two excavators is, however, restricted to the capacity of the floating crane as considered by the VOCPT.			2.49
III	<u>Capital Cost</u>	₹ in lakhs	₹ in lakhs	₹ in lakhs
	<u>A. Floating crane at Anchorage</u>			
(i).	- One Floating Crane (35T) [In original proposal, consolidated cost of floating crane with cost of grab and 3 nos. of barges is considered] (In the revised proposal, separate cost of floating crane including pontoon and barges is considered by VOCPT).	4393.00	3554.62	3554.62
			2042.88	2042.88
(ii).	- Three numbers of self propelled barges			
(iii).	- Miscellaneous Cost @ 5%	219.65	279.87	279.87
	Total capital cost of the floating crane	4612.65	5877.37	5877.37
	<u>B. Excavators at the Shore</u>			
(iv).	- Excavators (4.5cum bucket capacity) - 2 Nos. (VOCPT - Rs.1,821.64 considered for 3 barges in barge handling facility order of KPT has been considered proportionately for 2 barges) / Revised proposal - Estimates is based on quotation)	1214.43	1136.33	1136.33
(v).	- Miscellaneous Cost @ 5%	60.72	56.82	56.82
(vi).	Total capital cost of 2 excavators	1275.15	1193.15	1193.15
(vii).	Total Capital Cost (A + B)	5887.80	7070.51	7070.51

Sr. No.	Particulars	Estimates furnished by VOCPT in its proposal dated 29.11.2013	Revised Estimates furnished by VOCPT in its proposal of 17.12.2013	Estimates modified by TAMP
IV	<u>Operating Cost</u>	₹ in lakhs	₹ in lakhs	₹ in lakhs
A.	<u>Cargo Handling Activity by floating crane at the Anchorage</u>			
(i).	(a). Fuel Cost			
	- Floating crane	421.56 for working hours 96 ltrs/ hour/ crane * Rs.67.75 per litre * 6156 hours pa for 1 crane plus for idle hours 12 ltrs/hour *Rs 67.75 per liter *2604 hours pa).	578.43 Working hours for main engine 96 ltrs/ hour/ crane * Rs.67.75 per litre * 6156 hours pa for 1 crane plus for Working hours for auxillary engine at 30 ltrs/hour *Rs 67.75 per liter *8760 hours pa)	576.87 (working hours for main engine- 96 ltrs/ hour/ crane * Rs.67.75 per litre * 6132 hours pa for 1 crane) + (working hours for auxillary engine-30 ltrs/ hour/ crane * Rs.67.75 per litre * 8760 hours pa)
	- Self Propelled Barges	169.65 (working hours cost - 100 ltrs/ hour * Rs.67.75 per litre * 1869 working hours pa +idle hours (100ltrs/hour*5681 idle hours*Rs 67.75/8)	169.65 (working hours cost- 100 ltrs/ hour * Rs.67.75 per litre * 1869 working hours pa +Idle hours(100ltrs/hour*5681 idle hours*Rs 67.75/8)	339.27 for handling the 2492914 tonnes capacity of the floating crane with 12000 tonnes capacity of 3 barges (100 /8) ltrs/ hour * 207.68 days * 8.15 hours * 67.75 per liter for two trips) during working at the anchorage and shore + (100 ltrs/ hour * 207.68 days * 3 hours * 2 trips * 3 barges * 67.75) for to & from movement from anchorage to shore.
(ii).	(b). Repair & Maintenance on Mechanical assets (5% on floating cost)	230.63	293.87	293.87
(iii).	(c). Insurance (1% on floating cost)	46.13	58.77	58.77
(iv).	(d). Depreciation (10.34% on floating cost by VOCPT) (10% considered by TAMP)	476.95	587.74	587.74
(v).	(e). Other Expenses (5% on floating cost)	230.63	293.87	293.87
(vi).	Total Operating Cost for Floating crane	1575.55	1982.34	2150.39
	<u>B Cargo Handling Activity by Excavators at the Shore</u>			
(i).	(a). Fuel Cost	85.76 (At- 32 ltrs/ hour/ excavator* Rs.67.75 per litre * 3956 hours for 2 Excavators)	171.53 At 32 ltr / hour / excavator * Rs.67.75 per litre*7912 hrs	172.33 At 32 litres per hour *Rs67.75 per litre for 3974 working hours * 2 excavators
(ii).	(b). Repair & Maintenance Mechanical Assest @ 5% on excavators cost) (on	63.76	59.66	59.66
(iii).	(c). Insurance (1% on Gross fixed assets cost of excavators) (1%	12.75	11.93	11.93
(iv).	(d). Depreciation (@10.34% in original proposal, 10% in revised proposal by VOCPT) and TAMP @10%)	131.85	119.32	119.31
(v).	(e). Other Expenses (5% on gross value of excavators)	63.76	59.66	59.66
(vi).	Total Operating Cost for handling at shore through Excavators	357.88	422.10	422.89

Sr. No.	Particulars	Estimates furnished by VOCPT in its proposal dated 29.11.2013	Revised Estimates furnished by VOCPT in its proposal of 17.12.2013	Estimates modified by TAMP
V	<u>Estimated Revenue Requirement & Apportionment</u>			
A.	<u>Cargo Handling Activity by Floating Crane</u>			
(i).	Total Operating Cost	1575.55	1982.34	2150.39
(ii).	Return on capital Employed @ 16%	738.02	940.38	940.38
(iii).	Total Revenue requirement from cargo handling activity by floating crane	2313.57	2922.72	3090.77
B.	<u>Cargo Handling Activity by Excavators</u>			
(i).	Total Operating Cost	357.88	422.10	422.89
(ii).	Return on capital Employed @ 16%	204.02	190.90	190.90
(iii).	Total Revenue requirement from cargo handling activity by Excavators	561.90	613.00	613.79
VI	<u>Reference Tariff at Floating Crane</u>			
(i).	Revenue Requirement	2313.57	2922.72	3090.77
(ii).	% share of Revenue requirement by each type of cargo based on cargo working days			
	- Dry Bulk cargo (99%)	2290.44	2867.92	3059.87
	- Other Cargo (1%)	23.14	54.80	30.91
(iii).	- Per tonne handling rate for foreign cargo (in Rs.)			
	- Dry Bulk cargo (95%)	92.83	118.69	125.96
	- Other Cargo (100%)	174.11	219.89	231.48
(iv).	- Per tonne handling rate for coastal cargo (in Rs.)			
	- Dry Bulk cargo (5%)	55.70	69.75	75.57
	- Other Cargo	104.47	131.93	138.89
B.	<u>Excavators at the Shore</u>			
(i).	Revenue Requirement	561.90	613.00	613.79
(ii).	- % share of Revenue requirement by each type of cargo based on cargo working days			
	- Dry Bulk cargo (99%)	556.28	601.51	607.65
	- Other Cargo (1%)	5.62	11.49	6.14
(iii).	- Per tonne handling rate for foreign cargo (in Rs.)			
	- Dry Bulk cargo (95%)	22.55	24.89	25.01
	- Other Cargo (100%)	22.55	46.10	45.97
(iv).	- Per tonne handling rate for coastal cargo (in Rs.)			
	- Dry Bulk cargo (5%)	13.53	14.63	15.01
	- Other Cargo (Nil)	13.53	27.66	27.58

Working relating to handling charge for operations by floating crane and excavator

For Floating Crane	Capacity in tonnes			Handling rate per day in tonnes	Cargo working days	% of cargo working days	Revenue requirement (Rsin lakhs)	Foreign cargo rate	Coastal cargo rate
	Total	Foreign (95%) for dry bulk and other 100%	Coastal cargo (5%) for dry bulk and other 0%						
Dry Bulk cargo	2478861	2354918	123943	9800	253	99.00%	3059.87	125.96	75.57
Other cargo	13353	13353	0	5226.34	3	1.00%	30.91	231.46	138.89
Total	2492214	1844239	647976		256		3,090.77		

For Excavator	Capacity in tonnes			Handling rate per day in tonnes	Cargo working days	% of cargo working days	Revenue requirement (Rsin lakhs)	Foreign cargo rate	Coastal cargo rate
	Total	Foreign (95%) for dry bulk and other 100%	Coastal cargo (5%) for dry bulk and other 0%						
Dry Bulk cargo	2478861	2354918	123943	15120	164	99.00%	607.65	25.01	15.01
Other cargo	13353	13353	0	8063	2	1.00%	6.14	45.97	27.58
Total	2492214	1844239	647976		166	1	613.79		

V.O. CHIDAMBARANAR PORT TRUST

REFERENCE TARIFF SCHEDULE FOR HANDLING CARGO AT ANCHORAGE BY FLOATING CRANE AND AT SHORE BY EXCAVATORS

1.1. Definitions – General

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

- (i). **"Coastal Vessel"** means any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal license issued by the competent authority.
- (ii). **"Foreign-going Vessel"** means any vessel other than a coastal vessel.
- (iii). **"Port"** shall mean V.O. Chidambaranar Port Trust.
- (iv). **"Per day"** means per calendar day or part thereof.
- (v). **"TAMP"** shall mean the Tariff Authority for Major Ports constituted under Section 47A of the Major Ports Act, 1963.
- (vi). **"Tonne"** shall mean one metric tonne or 1,000 kilograms or one cubic metre.

1.2. General Terms and Conditions

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

- (b). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship shore transfer.
 - (c). Cargo from a foreign port which reaches an Indian Port "A" for subsequent transshipment to Indian Port "B" will be levied the concession charges relevant for its coastal voyage. In other words, cargo from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.
 - (d). The charges for coastal cargo 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 under this Scale of Rates. Likewise, the terminal operator shall pay penal interest on delayed refunds.
 - (b). The rate of penal interest will be 2% above the Prime Lending Rate of the State Bank of India.
 - (c). The delay in refunds will be counted beyond 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.
 - (d). The delay in payments by the users will be counted 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 as stipulated in the Major Port Trusts Act, 1963 and/or where payment of charges in advance is prescribed as a condition in this Scale of Rates.
- (v). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.
- (vi). No claims for refund shall be entertained unless the amount refundable is ₹100/- or more. Likewise, Concessionaire shall not raise any supplementary or under charge bills, if the amount due to Concessionaire is less than ₹100/-.
- (vii). (a). The rates prescribed in this 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.
- (b). The Terminal Operator may also, if it so desires, rationalize the prescribed conditionality governing the application of rates prescribed in the Scale of Rates, if such rationalization 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.
- (c). Provided that the Terminal Operator should notify the public such lower rates and / or rationalization of the conditionality governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionality governing the application of such rates, provided the new rates fixed shall not exceed the rates notified by the TAMP.
- (viii). In case a barge idles due to breakdown or non-availability of excavator for shore handling or any other reasons attributable to Terminal operator, rebate equivalent

to berth hire charges payable during the period of idling of barge shall be allowed by Terminal operator.

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

2. Cargo Handling Charges:

2.1. Cargo handling charge at Anchorage using Floating crane

Sl. No.	Commodity	Rate in ₹ per tonne	
		Foreign	Coastal
1.	Dry bulk cargo (other than thermal coal)	125.96	75.57
2.	Other cargo – Timber logs and explosives	231.48	138.89

Notes:

- (i). The cargo handling charges prescribed above includes the charges for unloading of the cargo from ships to barges using floating crane at outer anchorage and transporting the same through barges to shore.
- (ii). Stevedoring charges shall be separately borne by the user/ vessel owner and the amount of stevedoring charges shall be paid to the licensed stevedores.
- (iii). If a self-geared vessel uses the floating crane at anchorage for unloading of cargo, then it has to pay the charges of floating crane for the cargo handled through floating crane. To make it clearer there should be master certificate which clearly notifies that this much amount of cargo shall be handled through floating crane only at anchorage.

2.2. Cargo handling charge at shore using Excavators

Sl. No.	Commodity	Rate in ₹ per tonne	
		Foreign	Coastal
1.	Dry bulk cargo (other than thermal coal)	25.01	15.01
2.	Other cargo – Timber logs and explosives	45.97	27.58

Note:

The cargo handling prescribed in the above schedule includes charge for unloading of the cargo from the barge to shore at the berths.

3. General Note to Section 2

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 2013 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.

PERFORMANCE STANDARDS

- I. Licensee shall endeavor to handle dry bulk cargo and other cargo per day by deployment of 35T floating crane alongwith three self-propelled barges as detailed below.
- (a). **Dry Bulk Cargo (other than thermal coal)**
9800 tonnes per day
 - (b). **Other Cargo – Timber logs and explosives**
5226 tonnes per day
- II. Licensee shall endeavor to handle dry bulk cargo and other cargo by deployment of 4.5. cum bucket capacity two excavators at the shore as detailed below.
- (a). **Dry Bulk Cargo (other than thermal coal)**
315 tonnes per hour per excavator
 - (b). **Other Cargo – Timber logs and explosives**
168 tonnes per hour per excavator

Note: Performance achievement for cargo handled through floating crane will be obtained from load meters available with ship/ floating crane.

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

F. No.TAMP/53/2013 - VOCPT - Proposal from the V.O. Chidambaranar Port Trust for notification of Reference tariff for deployment of floating crane for anchorage handling of vessels having draft more than 12.8 mtr. in V.O. Chidambaranar Port under Revised Guidelines for Determination of Tariff for Port Projects at Major Ports, 2013

A summary of comments received from users / user organisations and prospective bidders/ users and reply furnished by V.O. Chidambaranar Port Trust (VOCPT) are tabulated below:

Sl. No.	Comments received from users / user organisations and prospective bidders/ users	Reply furnished by VOCPT
1.	M/s.SEAPOL Logistics Pvt. Ltd.	
(i).	Restriction of lightening up to 12.80 mtrs. draft: It may kindly be noted that there is only one berth with 12.8 meter draft, that is the IX berth, available for handling dry bulk and break bulk cargoes. The berths VOC III & IV are having a draft of 10.70 mtrs. only. In the event of occupation of berth nos.IX, III & IV and if the vessels are made to wait at anchorage for their turn to get a berth, then, the very purpose, presumably quick turn round of the vessel as well as increased cargo productivity will be defeated. As such our humble request is to allow lightening operation at anchorage till the vessel is allotted and ready to occupy the berth. This will avoid vessels idling at anchorage and at the same time the port will increase the revenue earnings and ensure a faster turn round of the vessel and increased cargo throughput per annum. The port users will also benefit in the same manner.	This is not related to tariff fixation. However an amendment has been published in its website www.vocport.gov.in .
(ii).	Exclusion of revenue sharing at shore: The floating crane itself yield the revenue sharing on the cargo discharged at anchorage. Demanding revenue sharing on the same cargo at shore, which has already paid the revenue share tantamount to dual revenue sharing and will have cascading effect on the transactional cost. While the competitiveness is the thrust area of the Ministry, this type of undue revenue sharing impacts the competitiveness and the objective for which the anchorage infrastructure is created i.e. for attracting more volume of cargo to VOC Port will be defeated.	This is not related to Tariff fixation.
(iii).	Penalty Clause: When an equipment is licensed as a Common User Facilities, it is being operated in lieu of port's own equipment. The terms and conditions that are applicable for hiring port's equipment should be applicable to the licensee's equipments. The dispatch money earning for faster discharge and demurrage (penalty for the underperformance) are between the receivers and licensee. Hence we request the authorities to	This is not related to Tariff fixation.

	exclude penalty clause. Furthermore as for as our knowledge goes there is no such clause in any of the Indian ports including Kandla Port whose model is replicated for VOC Port Floating Crane operation.	
(iv).	Discharge rate: Discharge rate of 12,000 to 14,000 MT is unrealistic considering the sea condition and other factors influencing the anchorage operation. Hence it may please be realistically fixed as 7000MT PWWD.	Based on the Manufacturer's recommendation, for unloading operation from Ships to barges, the maximum cargo handling capacity of Floating crane, 14,000 MT per day is considered.
(v).	Lightening of the vessels destined for other ports: In case of the vessels nominated for two ports discharge, lightening should be allowed up to the permissible draft of the final port of call.	This is not related to tariff fixation Please refer reply No.1.
(vi).	Last date of submission of the tender: As the joint hearing is scheduled to be held only on 9.12.13, the due date of submission of the tender may be please be extended by another two weeks i.e. up to 23.12.13.	The last date for submission of tender is extended upto 24.12.2013.
2.	M/s. CGU Logistics Ltd.	
(i).	Capital cost of floating crane: It is seen that VOCPT has estimated capital cost of floating crane considering only the cost of crane (not fully built floating crane). Thus the budgetary estimate considered is significantly lower than actual cost of fully built up floating crane ready for operations. A fully built up floating crane requires following components in addition to crane: (a). Pontoon on which the crane is to be installed (b). Generators which are required to supply power to crane (c). Auxiliary generator for lightening / AC / cooking etc. (d). Accommodation for crew on floating crane (e). Propulsion (in case of self-propelled floating crane) (f). Fenders (g). Winches (h). Spare Grab (please note in present budgetary estimate only 1 grab is considered). Though proposal is based on handling of multiple cargoes it is to be noted that different types of grabs will be required for different handling of cargo and the same needs to be budgeted. (i). Mooring Ropes, spares, owner's supply items etc. The capital cost estimation does not take into account any of these above capital cost components. Secondly apart from above stated components required for floating crane there are various services required to construct floating crane. These include: (a). Shipyard where floating crane will be constructed (b). Design and engineering of floating crane and pontoon (c). Towing / mobilisation cost of floating crane	Capital Cost is being revised including cost of pontoon and cost of floating crane based on budgetary offer. The 5% towards miscellaneous cost included in capital cost, will cover the other requirement.

	from shipyard to Tuticorin (d). Insurance during mobilisation (e). Class compliance and certifications (f). Surveyors for inspection during construction to ensure Class (Indian Registrar of Shipping) compliance etc. These service cost estimates too have not been considered while arriving at capital cost of floating crane. Hence we request VOCPT to consider cost of fully built up floating crane ready for operations at V.O. Chidambaranar Port.	
(ii).	Customs duty – Critical machines of floating crane like Crane, Generators, Grabs, Winches etc. will be imported customs duty will be levied on the same. Since custom duties will be levied on different components at different rate it will present a cumbersome process of customs duty estimation. Hence we propose that duty currently applicable as per customs classification under HS Code 8905 (category containing floating crane) be applied on revised capital cost of floating crane. Additionally we would also like to draw attention towards the custom duty estimate provided by crane supplier. It is seen from the budgetary estimate that customs duty has been budgeted @ 3% under EPCG scheme. Please note since majority of cargo to be handled will be coal which is imported, EPCG scheme will not be applicable and 3% customs duty estimate are not representative.	Customs duty will be revised as 10% based on the Customs Tariff under Head 8905. (The port in its letter dated 17 December 2013 has submitted revised working for estimation of capital cost of floating crane and excavators. In the working, the customs duty is estimated at 14.71% for floating crane and 26.11% for excavator.)
(iii).	Capital cost of excavator for vessel holding cleaning – Please note in case of handling of capesize vessels entire handling will have to be done at anchorage as their beam exceed 32.26 m. In such case hold cleaning will have to be done by the operator. For such hold cleaning we need two excavators / payloaders. These have not been budgeted in capital as well as operating costs. We would request VOCPT to budget the same adequately.	This is not related to the scope of the current project. Hence, budgeting for the same does not arise.
(iv).	Propelled or non-propelled floating crane – The proposal does not clarify whether floating crane will be self-propelled or non-propelled. As seen from budgetary estimate only bare cost of crane is considered. If VOCPT wants self-propelled crane, cost of propulsion should be added to capital cost. In case of non-propelled crane capital cost of tug should be added.	Cost of Pontoon is being included in the capital cost. This will take care of the requirement. Self-propulsion is not a routine operational item and is of non-recurring nature. Hence, such issues are covered under 5% as miscellaneous cost.
(v).	Port Costs – Please clarify what charges (port dues, anchorage charge, berth hire / parking fee, DLB charges for handling through excavators, etc.) are required to be paid by operator to port authority. In the tender it is stated that all charges as per SOR will be charged by VOCPT. Broadly looking at SOR for Zone A for coastal vessels handling following applicability of charges emerge, however we request port to confirm applicability of	Other expenses 5% of capital cost included in the calculation of operational cost. This will meet the requirement.

	charges and their proposed rates for floating crane operations: (a). Dock labour charges for shore handling : ₹10.45 / MT (b). Pension Fund Levy : ₹9 / MT (c). Cargo Transhipment Fee: ₹3/ MT (d). Lighterage Operation Fee: ₹0.0151 ₹ / GRT / Hr subject minimum of 29.75. Please confirm if same is applicable on vessel or floating crane / barges / tugs. (e). Pilotage: ₹7.11 / GRT / Movement subject to minimum ₹13737/-. Please note since GRT of assets like Floating crane, tug and barges minimum applicability will be ₹13737/-. Additionally please clarify if pilotage is mandatory for barges, floating crane and tug for each movement. (f). Port Dues : ₹5.25 / GRT / month (g). Berth Hire Charges : ₹15.1 / Hour (working) and ₹5 / Hour (idle) (h). Shifting Charges : ₹1.98 / GRT / Movement (i). Anchorage Fees: ₹1.5 / Hour Considering above it is important to note that annual charge on 1 floating crane + 3 Barges + 1 Tug will be extremely high considering that operator will have to pay for all the charges related to these assets. Kindly note that in case of PPP berth related project if port allots storage area the rental so charged by the port to berth operator is allowed as expense in operating cost. On similar lines, if port is charging floating crane operator some charges, it should be allowed as pass through costs and budgeted accordingly.	
(vi).	Referring to TAMP Application document page 7 Article A (Terms and Conditions) Cl 1 – Please confirm the stevedoring charges referred in said clause pertains only to importers / ship owner and not the floating crane operator.	Stevedoring charges pertain to importers.
(vii).	Fuel cost estimate of barges – Please explain the rationale of arriving at fuel cost estimate of barge including estimate of time. Please advise which type of barge IV / RSV is budgeted by Port.	The fuel consumption has been considered as 0.161 ltrs/hr/BHP. In the estimate the total Horse power of engine for the self-propelled barge is 270X2 (i.e.) 540 BHP. Calculation:- 540 X0.161 ltrs/hr/BHP = 87 ltr/ hrs for two main engines. The fuel consumption for Auxiliary engines at the rate 13 ltrs/hr was considered. Hence totally -100 ltr/ hrs.
(viii).	Fuel consumption – It is seen that proposal has considered consumption by auxiliary generator only during idle period. Please note consumption of 12 l / hour will be applicable for entire year and not just idle duration. Floating Crane and barge needs to deploy crew all the year round to ensure smooth operations and safety of equipments. Since the crew is on board basic electricity consumption such as AC, lights, hot plates for cooking, computers etc. will be for the entire year and not just during the idle period. We hence	As approved by TAMP for Kandla Port Tariff fixation, the same method is adopted.

	request VOCPT to revise the consumption basis full year need for auxiliary generator.	
(ix).	Fuel cost: The proposal considers fuel cost estimate of IOC delivered at Tuticorin port. Please advise if there is dedicated bunker berth available. If not, and since operations will be carried out at anchorage VOCPT should consider bunker barge transportation costs too in its fuel cost.	Fuel for floating crane has to be arranged by the Licensee. Other expenditure included in the operating cost will take care of this expenditure.
(x).	Optimal Capacity / Traffic related:	
	(a). Optimal capacity calculations: - It is seen that optimal capacity calculation for traffic is done basis all the year round operations. It is extremely important to highlight that floating crane operations are carried out on 8 months of fair weather season only. It was discussed during the joint hearing that criteria (based on wind speed and wave height) for determining weather working day is mentioned in tender. We would like to stress that this will be applicable in fair weather (non monsoon season) only because there will be weather delays even during fair weather / non monsoon season. However, during monsoon season due to rain, strong wind and under water current working during monsoon (SW & NE) will not be possible. Since this will be first of its kind operations in Tuticorin an element of caution needs to be exercised. Additionally we would like to draw your attention to Mormugao Port where transshipment has been done for several decades and is pioneer major port in utilizing transshipment services. TAMP in its Order No. G 143 dated 4 th June 2012 have considered 8 months operations for tariff fixation. Hence we request workings should be done on 8 monthly basis only.	Tariff calculations are made as per 2008 TAMP Guidelines and is with respect to equipment capacity subject to adoption of 70% weightage. The issues raised are not relevant for tariff fixation as cargo handling is being carried out throughout the year irrespective of fair weather/ non fair weather conditions.
	(b). Traffic projections provided by port for industrial coal indicates that incremental volumes of 12 mn mt and 40 mn mt has been added in FY 13-14 and FY 14-15. However, in FY 15-16 incremental volume of about 30 mn mt has been provided. We request Port to clarify rationale for this additional 30 mn mt p.a in FY 15 – 16.	This is not relevant to Tariff fixation. Additional volume is expected due to demand by upcoming private Power plants in and around Tuticorin.
	(c). There is no feasibility study for assessing traffic potential for floating crane operations. In absence of such a study it is important to give due consideration to traffic that could be handled by floating crane. In our view the projected optimal capacity of floating crane is unlikely to be realised into traffic. We feel this is because of the following:	The project is on account of requirement to handle cargoes at anchorage to cover beyond 12.8 meter draft and to reduce pre berthing detention in other cases. Hence, the issue raised is not relevant.
	(i). Though VOCPT has considered all bulk commodities as potential, these will not offer any cargo for floating crane due to smaller cargo parcels which will need much less than 12.8m draft for vessels to come alongside. This eliminates the need for deployment of floating crane on majority of cargo indicated in proposal.	Not relevant to Tariff fixation. It is for the operator to ascertain market situation.
	(ii). Port has also indicated thermal coal as one of the potential cargo for floating crane. It should be noted that majority of thermal coal for Tuticorin Thermal Power Station is from Paradip port where	Not relevant to Tariff fixation and the current proposal is based on future requirement. Limiting to past/present scenario are not relevant.

	there is draft limitation of 12.5 m. However, at discharge port VOCPT draft presently is 12.8 m. So draft limitation is at load port and hence no vessel of more than 12.5 m draft will be deployed on this trade eliminating the potential traffic for floating crane. It is also seen from traffic handled at anchorage that lightening of thermal coal vessels has been eliminating after VOCPT achieved draft of 12.8 m.	
	(iii). Additionally it is clearly seen from port data that once port has been dredged to 12.8 m draft lighterage activity in FY 12-13 has reduced by almost 95%. Industrial coal is the only traditional cargo lightened. Economies of scale and growing volumes justify imports of only industrial coal in larger size vessels and no other commodity handled at VOCPT.	Not relevant to Tariff fixation and the current proposal is based on future requirement. Limiting to past/present scenario are not relevant.
	(iv). This in our view leaves us with only industrial coal which would offer potential for floating crane. As per the anchorage data provided by VOCPT it is seen average lightening quantity is 10000 MT per vessel. This translates into 250 vessels for optimal capacity considered. Considering average parcel size of 65000 MT per vessel (please note we need to consider only parcel having draft of more than 12.8 m for floating crane) this translates into total traffic of 16.25 Mn MT for industrial coal, which is much higher than traffic projections provided by VOCPT.	Optimal capacity of Floating crane calculated based on the manufacturer's recommendation and also applying load factor as per TAMP Guidelines .Past anchorage handling experience of Port is not relevant to tariff fixation.
	(v). Port has floated the tender for dredging upto 14.1 m in August 13. This additional depth of 1.3 m will result in reduction in lighterage quantity of about 1300 – 1500 MT per vessel or about 15% reduction in total traffic. Thus this will have negative impact on traffic for floating crane.	The port has not furnished its reply.
	Basis above arguments we request optimal capacity to be re-assessed.	
(xi).	Cargo handling profile and handling rates – Port has broadly assessed share of cargo as 99% dry bulk (coal, coke, fertilizer, limestone, gypsum, etc.) and 1% other cargo (Steel, Timber logs, explosives etc.). It has applied maximum rate of 14000 TPD for all dry bulk cargo when the manufacturer's recommendation is solely for coal. Please note since density of cargo varies for coal, coke, fertilizer, limestone, gypsum etc. and same rate of 14000 TPD could not be applied for all such cargo. Cargo apart from coal, are either lighter or difficult to handle due to their cargo characteristics such as moisture, angle of repose, density etc. Their handling rates will be lower compared to coal. Secondly the proposal includes only one grab of 26 cu.m for coal handling while grabs for other cargo are not included. With respect to other cargo (steel, timber etc.) please note no floating crane is designed on business of handling such break bulk cargoes globally. Timber/ Steel/ Bagged cargo are handled using separate type of grabs/ slings. Thus in our view tariff proposal is derived on very broad level	As per TAMP Guidelines, the cargoes are classified as Dry bulk, and others.

	generic assumption without duly taking into consideration specific needs of handling different types of cargo. We understand it is difficult to get into specific of each handling. We have discussed above that apart from industrial coal no other vessels calling at VOCPT need draft of more than 12.8m. Thus we would propose that tariff be proposed only for industrial coal cargo and remove all other cargo which unnecessarily create complexities.	
(xii).	Handling rate for shore excavator – It is seen that handling rate for excavator has been worked out basis density of 1 ton / cu.m. Since entire lighterage cargo will be coal we propose density of coal (0.8 ton / cu.m) be used to arrive at handling rate.	Generally, Density of coal may vary depending on type & form. The density of 1Tonne/cum is taken as adopted in the Kandla Port Tariff notification. The assumption that entire lighterage cargo is coal is not correct.
(xiii).	Per tonne handling rate – Kindly provide detailed calculations for arriving at per tonne handling rates of bulk cargo and other cargo for both floating crane and excavators. It is seen that while per tonne handling rates for floating crane are different for bulk cargo and other cargo but for excavator these rates are same.	Will be furnished. (The port in its original proposal had furnished the relevant calculation for per tonne handling rate. They have also furnished in its letter dated 17 December 2013 the revised per tonne handling rate of cargo by floating crane and excavator.)
(xiv).	Coastal Cargo Tariff for Thermal Coal – TAMP vide its Order No.TAMP/4/2004-Genl. dated 15 March 2005 had excluded thermal coal from coastal concession. Thus specific remark be put in TAMP order while notifying coastal tariff excluding thermal coal from coastal concession.	The share of bulk cargo in the total traffic proposed at anchorage is 95% of this 5% only is coastal cargo which does not include thermal cargo.
3.	M/s. IMC Limited	
(i).	While calculating the operating expenses, deployment of 'Operating Staff' is not considered which is part and parcel of basic stevedoring. This is a 'direct cost' element relating to commodity handling and not a 'general cost' element. Reference may be drawn upon the order passed by TAMP in case of Chennai Port Trust Ro-Ro cum Multipurpose Terminal wherein stevedoring cost for car movement was considered as operating expenses. Similarly for shore handling staff deployment would be required for loading/unloading of cargo. The same may kindly be considered while calculating the handling cost.	The calculation are based on the upfront tariff guidelines 2008 and also the method adopted in tariff order relating to the subject in Kandla Port Trust. Hence, no specific allowances for individual items are required. The scope of the project in Chennai Port Trust is not comparable with respect to current project.
(ii).	Further, we understand that Dock Labour Board Levy/ Gang is mandatory for handling cargo VOCPT berths. The cost of same may kindly be factored while calculating the operating cost.	Payment of Dock labour board levy is not an element in the current scope of project and is different. Hence not agreed to.
(iii).	A move per hour for excavator is considered as 100. This may be achievable in normal on shore operations. But to handle the barges the same seems to be on higher side. Requesting to kindly modify the moves to more pragmatic number say 80 moves per hour.	The 100 moves per hour for 4.5cum bucket capacity excavator is considered as similar to Kandla Port Trust, since the same capacity of excavator is taken.
(iv).	We understand that vessels with draft more than 12.8 metres can only be handled. What would be the scenario when VOCPT undertakes dredging activity in future, increasing the draft to handle vessels beyond 12.8 metres? Further as per VOCPT submission, we also understand the	This is not related to tariff fixation. Hence no comments.

	entire lightening of vessel will not be done under any scenario i.e. after lightening the vessel will be handled at VOCPT berths. Please confirm our understanding.																																											
(v).	Is cape size vessel also expected to be handled, if so can they be berthed at VOCPT berth considering the channel restrictions, etc.	Please refer to reply No.4.																																										
(vi).	Detailed calculation of number of hours of barging and need for 3 barges is not clear. Please provide detailed workings.	<table border="1"> <thead> <tr> <th>C</th><th>Barge operation hours</th><th></th></tr> </thead> <tbody> <tr> <td>1</td><td>Capacity of Barge(Tonnes)</td><td>2,000</td></tr> <tr> <td>2</td><td>To & fro for transfer to shore-Hours</td><td>3.00</td></tr> <tr> <td>3</td><td>Loading time-Bulk=99% onC1/408tonnes in hours</td><td>4.85</td></tr> <tr> <td>4</td><td>Loading time-Others-1% onC1/(408 tonnes*(.53.33%))</td><td>0.13</td></tr> <tr> <td>5</td><td>Unloading time with respect to excavators(C1/630tonnes /hrs) in hours</td><td>3.17</td></tr> <tr> <td>6</td><td>Total Time (C2+C3+C4+C5) in hours</td><td>11.15</td></tr> <tr> <td>7</td><td>No. of trips per day(24hrs /C6)</td><td>2</td></tr> <tr> <td>8</td><td>Total trips for three barges per day(C7*3)</td><td>6</td></tr> <tr> <td>9</td><td>Total Tonnage to be handled per day(C1*C8) in Tonnes</td><td>12,000</td></tr> <tr> <td>10</td><td>Total hours of operation of three barges(C6*3) in hours</td><td>33.46</td></tr> <tr> <td>11</td><td>Total Tonnage to be handled per annum</td><td>2,492,194</td></tr> <tr> <td>12</td><td>No. of hours of barge transport(to&fro) for 3barges(C2*3*C11/C9) in hours</td><td>1,869</td></tr> <tr> <td>13</td><td>No. of idle hours ((C3+C4+C5)*C11/C9) in hours.</td><td>5,081</td></tr> </tbody> </table>	C	Barge operation hours		1	Capacity of Barge(Tonnes)	2,000	2	To & fro for transfer to shore-Hours	3.00	3	Loading time-Bulk=99% onC1/408tonnes in hours	4.85	4	Loading time-Others-1% onC1/(408 tonnes*(.53.33%))	0.13	5	Unloading time with respect to excavators(C1/630tonnes /hrs) in hours	3.17	6	Total Time (C2+C3+C4+C5) in hours	11.15	7	No. of trips per day(24hrs /C6)	2	8	Total trips for three barges per day(C7*3)	6	9	Total Tonnage to be handled per day(C1*C8) in Tonnes	12,000	10	Total hours of operation of three barges(C6*3) in hours	33.46	11	Total Tonnage to be handled per annum	2,492,194	12	No. of hours of barge transport(to&fro) for 3barges(C2*3*C11/C9) in hours	1,869	13	No. of idle hours ((C3+C4+C5)*C11/C9) in hours.	5,081
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(vii).	In our opinion, the combination of current barge size of 2200 MT and the number of barges is insufficient to achieve the desired handling rates and quantity. Further smaller vessels, like 2200 MT, is also environmentally non-friendly. We suggest that the minimum barge size should at least be of 5000 MT.	This is not related to Tariff fixation.																																										
(viii).	We strongly believe due to windy weather conditions at Tuticorin, full year operations of floating crane is not feasible. If done would not be environment friendly. Based on a proper technical study, the same may need to be factored while calculating the optimal capacity of floating crane.	The optimal Capacity of Floating Crane is arrived based on the Manufacturer's (M/s.Libherre Ltd., Germany) recommendation of 14000 Tonnes /day. Load factor 70 % is applied as per TAMP guidelines.																																										
(ix).	Since tariff is set for shore handling equipment (i.e. excavators), we understand that it would also be within the ambit of 10 years license. Based on letter from Ministry of Shipping dated 20 November 2013, approval is granted only for "license of operation of two floating cranes" and no "license for operation of shore handling equipment" is found on record. Without such approval, wouldn't the tariff order setting for shore handling be stand null and void.	This is not related to Tariff fixation. However, the approval is granted for Anchorage Operation and it includes barges and excavators.																																										
(x).	Further to protect the interest of existing PPP concessionaries, the Tariff Authority is requested to review the Agreements with PPP operators (MHC mechanical handling and shallow draft) to see if any exclusivity is provided to them by the port.	Issues raised is not related to tariff fixation hence no comments.																																										
4.	M/s. SICAL Logistics Limited																																											
	<u>Tariff Projection:</u>																																											
(i).	For calculating the throughput for the Floating Crane, it has been assumed as 2.49 million tonnes, of this 2.46 million tonnes is taken as bulk, but looking at the traffic analysis the maximum volume handled was 0.77Mn Tonnes in the year 2011 (Annexure III-Traffic Analysis). From the trend seen in the Traffic Analysis there is absolutely no indication that the assumed volume	Optimal capacity of Floating crane calculated based on the manufacturer's recommendation and also applying load factor as per upfront tariff guidelines of TAMP 2008.																																										

	will be handled. In fact the total volume of bulk handled for the years 2007-08 to 2012-13 is only 2.66 million tonnes. Considering the figure of 2.49 million tonne if we consider 75% of it by way of lighterage then we need to handle 185 vessels at anchorage. It seems far fetch that 185 vessels having no gears call at VOCPT and lighter up to 12.8 meter draft. So the volume has to be reworked.	Based on current and feature requirement with respect to 12.8 meter draft available the deployment of floating crane is envisaged. Analysis of past data is not relevant. Hence, no reworking is felt required.
(ii).	Upfront tariff calculation capital cost of Floating Crane including 3 nos. self-propelled barges at ₹4612.5 million is not reasonable as the crane has to be mounted on a suitable vessel which is classed and having accommodation for the crew and necessary arrangements for power supply for the operations, staff quarters and mess facilities.	Capital Cost is being revised including cost of pontoon and cost of floating crane based on budgetary offer. The 5% miscellaneous cost included in capital cost, will cover the other requirement.
(iii).	It has suggested the following: (a). Cost of crane with grab of matching capacity ₹400 millions (b). Classed crane barge cost ₹200 millions (c). Operating cost for floating crane; in case of both floating crane and barges only fuel expenses, R&M, Insurance, Depreciation has been considered.	
(iv).	All other expenses have been grouped under 5% of equipment cost which has to cover (a). Classing expense of the vessel (b). Dry docking (c). Man power cost (d). Administration charges (e). Operating expense of crew launch for survey and inspection and crew change (f). Charges paid to the port for water front and backup area for office, pilotage and port dues. Allowing 5% for all the above under other expenses is too low. In case of repair and maintenance 5% of equipment cost has been adopted whereas TAMP norms gives 7%, this needs to be corrected. Working hours for floating crane is shown as 6156 hours, whereas TAMP norms for this is 4000 hrs. Allowances for stoppage of work due to bad weather, crew charges, etc. have not been indicated.	As per Kandla Port tariff fixation for other expenses 5% of for repair & maintenance of equipment is considered in the Operating cost. As per the TAMP upfront tariff Guidelines 2008 prescribed for multipurpose terminal, the repair and maintenance cost is taken as 5%. 70% load factor is considered in the optimal capacity and for the 5% other expenses included in the operating cost will take care of crew charges and other elements.
(v).	In upfront tariff calculation fuel cost considered is ₹67.75/ ltr. However at the time of operation it will be ₹80/ ltr. It should be escalation formula for fuel cost to be worked out.	The increase in fuel cost will be taken care of by 60% indexation to the Whole sale Price Index (WPI) as provided for in upfront tariff guidelines 2008.
(vi).	As per tender page no.35, Section V (2) minimum guarantee throughput is 10000 MT/ day for dry bulk. Whereas, as per the calculation VOCPT submitted to TAMP in page no.12 clause 4.1(iii), 408t/hr has been considered as optimal capacity of the floating crane. There by 408 tonnes * 24hrs = 9792 tonnes/ day	70% operating load factor as per TAMP

	is the optimal capacity of the floating crane. This assumes that the crane will be fully engaged and no time provided for crew change, hatch shifting, etc. We strongly feel 24 hrs. is a wrong assumption. However, it looks like the crane will always be in penalty by 208t/ day even at 24 hrs. working. This reason enough that the crane has to be specified with higher capacity hence costlier.	Guidelines is considered and will take care of the issues raised. Performance standard of Floating Crane for dry bulk cargo is 9800 Tons/day. The issue raised is a tender requirement and will be appropriately addressed therein.
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2. A joint hearing in this case was held on 9 December 2013 at the VOCPT premises in Tuticorin. The VOCPT made a power point presentation of its proposal. At the joint hearing, the VOCPT and the users/ user organisations/ prospective bidders have made the following submissions:

VOCPT

- (i). The Dy. Chairman gave power point presentation of the proposal. A copy of the presentation is given.
- (ii). The Port has only one deep draft berth i.e. berth no. IX. In order to have quicker turnaround of vessel and to increase productivity, operation at anchorage is proposed.
- (iii). The Explosive mentioned in Other Cargo is so far not handled at the port. They are, however, expecting to handle it and hence included under Other Cargo
- (iv). In view of reassessment of share of foreign and coastal bulk cargo, the rates proposed are slightly changed.
- (v). The request of Seapol Logistics for lightening operation to continue till vessel is allotted berth and ready to berth, avoiding of payment of revenue share twice on the same cargo and exclusion of penalty clause is rejected.
- (vi). There is a mistake in performance standards for excavation indicated as 7500 tonnes per day. We will correct it to 6000 tonnes per day.
- (vii). The capex of floating crane will be reexamined.
- (viii). We also agree to examine the requirement of auxiliary generators and fuel cost therefor.
- (ix). Traffic estimates are proper.
- (x). Handling rate of cargo at 14000 tonne/day is as per the manufacturer's manual.
- (xi). The VOCPT project is a common user facility. The KPT project is a single user facility. Hence, conceptually both the facilities are different. In view of that revenue share needs to be collected at anchorage and shore. It cannot be excluded at either end.
- (xii). Excluding penalty is not justifiable. The bidders may negotiate with the receivers of cargo appropriately.
- (xiii). Bifurcation for rates for foreign and coastal is as per policy of the Government.

M/s. CGU Logistics Ltd.

- (i). Cost of crane is under estimated. It does not take into account cost of generators, fenders, customs duties, etc.
- (ii). What type of crane i.e. self propelled or non-propelled is proposed is not clear.
- (iii). Grab requirement for dry bulk and other cargo will be different.
- (iv). We propose that the operation be only for unloading industrial coal. Other cargo may be excluded.
- (v). Customs duty in the cost estimates of crane is considered at 3% under EPCG. EPCG scheme will not be applicable as only import of cargo is expected. 3% customs duty is not representative.
- (vi). Port cost like pension fund levy, DLB levy, shore handling cost not included. TAMP may allow pass through of these cost.
- (vii). Fuel cost does not take into account fuel cost for auxiliary generator. Others costs like manpower, etc. not taken into account.
- (viii). Operation expected only for 8 months in a year. Hence, traffic estimation may be done proportionately.
- (ix). Handling rate of 14000 tonnes per day is only for coal. The handling rate for other cargo not mentioned.

M/s. SEAPOL Logistics Pvt. Ltd.

- (i). It is not possible to achieve handling rate of 14000 tonne per day.
- (ii). The operation at anchorage should continue till the vessel is ready for berthing.
- (iii). Revenue share at anchorage and shore is double charge which may be avoided. KPT does not take revenue share twice.
- (iv). Penalty clause needs to be amended.

Tuticorin Stevedores Association

- (i). Capex is under estimated. Various cost elements indicated by us earlier not included.
- (ii). If barging cost is included in the operating cost then the proposed rates are very low.
- (iii). The proposed rates need not be bifurcated into foreign and coastal.
- (iv). Traffic estimation is on higher side.

Shipping Corporation of India Limited

- (i). If berthing is not available then the 12 hours limit may be waived.
