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Tariff Authority for Major Ports

GNo.141

New Delhi,

20 August 2008

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 Mormugao Port Trust for upfront tariff setting for a coal handling at the Mormugao Port in pursuance of the guidelines for upfront tariff setting for Public Private Participation (PPP) projects at Major Ports vide this Authority's Notification No.TAMP/52/2007-Misc. dated 26 February 2008 as in the Order appended hereto.

(Brahm Dutt)
Chairman

Tariff Authority for Major Ports
Case No. TAMP/23/2008 - MOPT

Mormugao Port Trust

Applicant

ORDER

(Passed on this 7th day of August 2008)

This case relates to a proposal received from the Mormugao Port Trust for setting an upfront tariff for a coal handling terminal to be developed on Public Private Participation (PPP) Scheme in Mormugao Port.

2. The Ministry of Shipping, Road Transport and Highways (MSRTH) announced the guidelines for upfront tariff setting for Public Private Participation (PPP) projects at Major Ports vide its communication No.PR-14019/25/2007-PG dated 12 February 2008. In compliance with the directions from the MSRTH under Section 111 of the Major Port Trusts Act 1963, this Authority notified the guidelines for upfront tariff setting vide Notification No.TAMP/52/2007-Misc. in the Gazette of India on 26 February 2008.

3. In pursuance of the above notification, the Mormugao Port Trust (MOPT) has filed a proposal for fixing upfront tariff cap for coal handling terminal in Mormugao Port.

4. The MOPT has made the following main points in its proposal:

- (i). The demand for coal is spread throughout the state of Goa and the distant hinterland of North Karnataka and South Maharashtra. While the state of Goa is served by road, parts of Karnataka and Maharashtra are served by rail. Both the South Western Railway and Kokan Railway provide connectivity to the Port.
- (ii). The biggest asset of Mormugao Port Trust is its navigation channel which is 14.1 mtrs. depth below the Chart Datum. Hence the optimal coal terminal has been designed for handling fully loaded Panamax vessels and partially loaded Cape size vessels. Looking at the existing trend, the port does not expect fully loaded Cape size vessels. The berth is designed for handling Cape size vessels because the trade feels that over the next few years, as the channel is deepened further, loaded Cape size vessels would also call at MOPT for discharging coal. Based on inquiries with the trade and the existing pattern of composition of shipping fleet, it has concluded that the new coal terminal would be getting 10% Capesize vessels, 80% Panamax vessels and 10% Handimax vessels.
- (iii). Capacity estimation:
 - (a). Optimal quay capacity is estimated at 8.81 million tonnes per annum taking into consideration the various components of the facility that will be required to be created, equipment and plant and machinery to be provided, productivity level and unloading norms as prescribed in the guidelines and ratio of different size of vessels presumed to be handled as explained in (ii) above.
 - (b). Optimal yard capacity is estimated at 3.75 million tonnes per annum. Availability of stack yard is a major constraint at the Mormugao Port Trust. Most of the facilities at the berth nos. 8, 9, 10 and 11 are on the reclaimed land. Looking at the existing conditions, an optimal coal terminal is likely to utilise 1 lakh square meters of stack area.
 - (c). The MOPT has deviated from the norms prescribed for calculation of optimal yard capacity in respect of the following:
 - The norms for calculation of optimal yard capacity stipulate stacking of 3 tonnes of cargo per square meter area. Based on the position obtained from the private operator i.e. South West Port Limited (SWPL) operating in its terminal and as per its own calculations, 5 tonnes of coal can be stacked per square metre. However, to be on conservative side, it has assumed 4.5 tonnes of coal stacking for calculation of optimal yard capacity.

- The guidelines prescribe the turnover norm of coal at 12 times in a year. It has submitted that cargo turnover ratio obtained at the mechanised wagon loading operations of SWPL in the last two years is at 25.6 and 26.3 times in a year. As against this, the turnover of cargo is considered at 17 times (optimal). The optimal stackyard capacity after the above mentioned deviation from the guidelines is assessed at 3.75 million tonnes per annum.
- (d). The optimal capacity of the coal terminal is considered as 3.75 million tonnes per annum being lower of the quay capacity and yard capacity for calculation of upfront tariff.
- (iv). The capital cost of the proposed terminal is estimated at Rs.252.43 crores. The guidelines lists down civil works, equipment to be deployed for a coal loading / unloading terminal.

The breakup of the capital cost alongwith details of equipment to be deployed is given below:

Particulars as furnished by the MOPT		Rs. in crores	Capital cost estimation (Rs. in crores)
(i). Civil construction cost:			37.80
(a). Berth apron and approach (300 mtrs. x 21 mtrs.)		1.66	
(b). Stackyard (1,00,000 sq. mtrs.)		22.20	
(c). Rail tracks (including rail track for equipment, wagons and marshalling yard)		11.18	
(d). Conveyors galleries and transfer towers		0.34	
(e). Wagon and truck loading station		1.00	
(f). Buildings, road, water supply and drainage		0.42	
(g). Miscellaneous costs (fencing, gates, checkposts, etc.)		1.00	
(ii). Equipment, Plant and Machinery:			168.69
Details of equipment and no. of equipment proposed to be deployed by the BOT operator	No. of coal handling equipment prescribed in the guidelines for unloading terminal	Rs. in crores	
(a). Ship unloaders (harbour mobile cranes 3000 Tonnes Per Hour (TPH) - 2 nos.	2	72.00	
(b). Stackers (2500 TPH) - 2 nos.	2	20.00	
(c). Reclaimers (1500 TPH) - 2 nos.	2	28.00	
(d). Wagon Loader (1500 TPH) - 1 no.	1	4.00	
(e). Truck Loader (1500 TPH) - 1 no.	1	1.00	
(f). Belt conveyors (with metal detectors and sensors)	--	34.50	
(g). Payloaders and dozers - 2 nos.	4	1.28	
(h). Cranes for miscellaneous work (not mentioned in guidelines)	4	1.60	
(i). Electrical switchgear	Quantum not specified	3.00	
(j). Workshop equipment		3.31	
(iii). Miscellaneous cost (5% of civil and mechanised cost)			10.32
(iv). Total Capital cost for coal handling, storage activity [(i), (ii) and (iii)]			216.81
(v). Capital cost for construction of berth			35.63
(vi). Total capital cost for coal import terminal (iv) and (v)			252.43

- (v). (a). The operating cost has been estimated at Rs.50.05 crores for cargo handling activity for the optimal terminal capacity following the norms prescribed in the guidelines.
 - Electricity cost is estimated assuming 1.40 units power consumption for handling one tonne of cargo at the unit rate of Rs.4.50.

- Repairs and maintenance cost is estimated @ 1% on civil cost and 7% on all equipment cost.
 - Depreciation is computed @ 3.34% on civil cost and 10.34% on equipment.
 - Lease rentals is estimated for 1,00,000 sq. mtrs. of leased area @ 31.60 per sq. mtr. per month.
 - Other expenses are estimated at 5% of gross value of fixed assets.
- (b). The operating cost for providing berth service is estimated at Rs.0.36 crores (i.e. 1% of the capital cost of berth) as per norms prescribed in the guidelines.
- (vi). The return on capital employed is estimated at 16% on the gross block of assets.
- (vii). Accordingly, the revenue requirement is estimated as follows:

(Rs. in crores)				
Sl. No.	Particulars	For coal handling activity	For berth hire	Total
(i).	Capital cost	216.81	35.63	252.43
(ii).	ROCE @ 16%	34.69	5.70	40.39
(iii).	Operating cost	50.05	0.36	50.41
(iv).	Total Revenue Requirement	84.74	6.06	90.80

- (viii). Upfront tariff caps proposed by MOPT for coal import terminal is as follows:

Particulars	Proposed upfront tariff cap (in Rs.)
Cargo Handling Charges	221.55 per tonne
Storage Charges	2.26 per tonne
Miscellaneous Charges	2.26 per tonne
Berth Hire Charges	0.48 per GRT per hour

- (ix). The MOPT has made following submissions as regard berth hire charges.
- (a). In the guidelines, the revenue required from Berthing service is supposed to be divided by the total GRT to arrive at berth hire per GRT. This amount is to be further divided by total hours i.e. 70% x 24 (hours) x 365 (days) to arrive at berth hire charges per GRT per hour. This will lead to conceptually wrong rate for berth hire because the actual time for which vessels stay at berth will depend on the loading / unloading rate for each type of vessels. Secondly, the berth occupancy for different classes of vessels has to be treated separately as the berth day outputs and average parcel sizes are significantly different in different classes.
- (b). The calculations done as per the method prescribed in the guidelines does not meet the revenue requirement. In this backdrop, berth hire rate is computed after arriving at berth occupancy factor of each categories of vessels based on the ship day out and the average parcel size of the vessels. For this purpose GRT of a vessel is assumed at 60% of DWT. A summary of the calculation furnished by the MOPT to arrive at the proposed upfront berth hire is given below:

Sr. No.	Particulars	Unit	Cape size	Panamax	Handimax	Total
i.	Ratio	%	10%	80%	10%	100%
ii.	Ship day output	Tonnes per day	50000	35000	15000	100000
iii.	Average DWT	Tonnes	175000	75000	45000	
iv.	Average GRT	Tonnes	105000	45000	27000	
v.	Average parcel size	Tonnes	75000	60000	40000	
vi.	Average hours at berth {24 x (v)/(ii)}	Hours	36	41	64	
vii.	Average GRT hours per vessel (vi x iv)	Tonne hours	3780000	1851429	1728000	

viii.	Expected number of vessels		5	50	10	65
ix.	Total GRT hours (viii x vii)	Tonne hours	18900000	92571429	17280000	128751429
x.	Revenue Requirement	Rs. in crores				6.06
xi.	Berth hire per GRT per hour (x /ix)	Re. Per GRT per hour				0.48

- (x). The proposed tariff caps will be applicable to all coal handling terminals to be constructed under PPP regime for the next five years within the Mormugao Port subject to adjustment for inflation as per the guidelines.

4. When requested the port to furnish the list of relevant users required to be consulted in this case, the port has contended that consultation process may not be required for fixing upfront tariff under PPP projects as per the notification of 26 February 2008. The Transaction of Business Regulations of this Authority requires consultations and port level hearings in tariff cases. The policy direction dated 12 February 2008 issued by the Ministry of Shipping, Road Transport and Highways announcing guidelines for upfront tariff setting by this Authority for Private Public Participation (PPP) projects in the Major Ports of India does not supercede the requirement of the Transaction of Business Regulations of TAMP. Hence, the relevant port users are to be consulted in this tariff proceeding also.

5. In accordance with the consultative procedure prescribed, the proposal of MOPT was circulated to the concerned users and potential bidders forwarded by the MOPT seeking their comments. The comments received from the users and potential bidders were forwarded to MOPT as feedback information. The MOPT has furnished its observations on the comments of the users / potential bidders.

6. Based on a preliminary scrutiny of the proposal, the MOPT was requested to furnish additional information / clarifications. A summary of queries raised by us and the reply furnished by MOPT is tabulated below:

Sl. No.	Queries raised by us	Reply received from MOPT
(i)	Capacity For computation of optimal yard capacity, the cargo turnover is assumed to be 17 times in a year as against cargo turnover of 25.6 and 26.3 reportedly achieved by the South West Port Limited (SWPL) with mechanised wagon loading operations for the years 2006-07 and 2007-08 respectively. Since yard space is a constraint in the Mormugao Port as submitted in the proposal, explain the reason for not expecting the average cargo turnover ratio at the level achieved by the operator SWPL in the last two years for the coal terminal to be developed in its port.	(a). Cargo turnover at the port is assumed to be 17 times a year as against cargo turnover of 25.6 and 26.3 times reportedly achieved by SWPL operating berths for the last two years. Though legally SWPL is a common user facility, due to various techno-economic factors, the berths 5A and 6A are mainly used by one user viz., Jindal Steel Works. It is this single user character which has helped SWPL to achieve such high turnover ratio. (b). The second factor resulting in high turnover at SWPL is the shape of the plot. The area allotted to SWPL is rectangular in shape and plot is conducive for most efficient handling of coal within a given area. In the proposed coal terminal, plots have been created out of the existing scattered areas. The turnover in the new terminal is not likely to be as high as SWPL unless operator deploys radically advanced technology like rapid-in-motion-wagon loader. Within the norms, the maximum turnover that can be achieved with mechanized wagon loader is 17. (c). The third factor behind our assumption for the plot turnover ratio is the possibility of handling various grades of coal since the new terminal is designed to be a common user facility. Our experience in handling coal at berth no.10 and 11 shows that different users

		require different grades of coal. The variation is bound to reduce efficiency in stacking as well as turnover as different grades would have to be stored in different stacks leading to lower efficiency. (d). The fourth factor that has affected the turnover ratio is the availability of railway infrastructure. The present capacity for transportation by rail to the hinterland of North Karnataka and South Maharashtra is almost fully utilized. Eventhough Indian Railway is continuously increasing its capacity, railway capacity is perceived as a major constraint in medium to long term perspective. (e). It is a fact that evacuation by road is consciously kept as a design factor. Evacuation from SWPL is fully by rail. Looking at the needs of the industry in the hinterland, and demand by trade, it has kept evacuation by road as a mandatory condition in the new coal terminal.										
(ii).	Capital Cost											
(a).	Explain the reasons and basis for estimating the cost of conveyor galleries and transfer towers at 10% each of the cost of berth apron. Indicate the number of galleries / towers proposed to be constructed for such a coal terminal and average construction cost of such civil work per square meter to assess the reasonableness of the estimated capital cost.	(a). The guidelines of 2008 have split the cost of conveyor galleries and transfer towers in two heads viz. civil construction cost and coal handling equipment capital costs. The major cost of conveyor corridor is within the equipment category. The division into two parts - civil and equipment - led to the assumption of 10% for the civil part of the conveyor galleries and transfer towers. The cost of conveyor galleries and transfer towers is given below wherein this item is treated as part of the Plant and Machinery without splitting into civil and mechanical items. Accordingly, it has requested to take on record the revised estimate for conveyor galleries and transfer towers at one place i.e., within equipment cost section. <table><tr><th>Sr. No.</th><th>Item</th><th>Metric</th><th>Unit Rate in lakhs</th><th>Total cost (in crore Rs.)</th></tr><tr><td>1.</td><td>Conveyor Galleries (Source: latest estimates of cost of belt, idlers, pulleys and steel)</td><td>2300 m</td><td>1.515</td><td>34.84</td></tr></table> The length of corridor as per the layout for the proposed coal terminal works out to 2300 mtrs. 8 nos. of transfer towers are proposed to be constructed in the new coal terminal. Accordingly, the total cost of conveyor galleries and transfer towers comes to Rs.34.84 crores. It has reiterated that the entire cost may be considered in the Plant and Machinery because the Company Act also treats under this head for the purpose of depreciation.	Sr. No.	Item	Metric	Unit Rate in lakhs	Total cost (in crore Rs.)	1.	Conveyor Galleries (Source: latest estimates of cost of belt, idlers, pulleys and steel)	2300 m	1.515	34.84
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1.	Conveyor Galleries (Source: latest estimates of cost of belt, idlers, pulleys and steel)	2300 m	1.515	34.84								

(b).	The norms for calculation of capital cost do not stipulate deployment of any additional cranes for miscellaneous work. Explain specific reasons, if any, for considering four numbers of cranes (capacity 10 and 30 tonnes) in addition to the number of two cranes prescribed in the guidelines.	There is typographical error in the item relating to cranes for miscellaneous works. As per the guidelines of 2008, two cranes and 4 pay loaders / dozers are to be deployed. The page 16 of proposal may be read as follows: <table><tr><td>Cranes</td><td>2 Nos.</td></tr><tr><td>Cost per Crane (10 tonnes)</td><td>0.1 INR Crores</td></tr><tr><td>Cost per Crane (30 tonnes)</td><td>1.5 INR Crores</td></tr><tr><td>Total cost of Cranes</td><td>1.6 INR Crores</td></tr><tr><td>Pay Loaders and Dozers</td><td>4 Nos.</td></tr><tr><td>Cost per payloador</td><td>0.32 INR Crores</td></tr><tr><td>Total cost of Payloador and Dozers</td><td>1.28 INR Crores</td></tr></table>	Cranes	2 Nos.	Cost per Crane (10 tonnes)	0.1 INR Crores	Cost per Crane (30 tonnes)	1.5 INR Crores	Total cost of Cranes	1.6 INR Crores	Pay Loaders and Dozers	4 Nos.	Cost per payloador	0.32 INR Crores	Total cost of Payloador and Dozers	1.28 INR Crores																			
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(c).	Explain the basis of estimating the capital cost for electrical switchgear and control panels at Rs.3 crores.	The breakup of estimating the capital cost of electrical switchgear and control panel is given below: <table><tr><td>Sr. No.</td><td>Description</td><td>Amount (Rs.)</td></tr><tr><td>1.</td><td>33 KV Incoming Breaker</td><td>20,00,000</td></tr><tr><td>2.</td><td>Transformer (33/3.3 KV) x 2</td><td>40,00,000</td></tr><tr><td>3.</td><td>Outgoing VCVS x 6</td><td>50,00,000</td></tr><tr><td>4.</td><td>Ducting & Trench</td><td>5,00,000</td></tr><tr><td>5.</td><td>Capacitor Panel</td><td>2,00,000</td></tr><tr><td>6.</td><td>HT Cables and Terminals</td><td>5,00,000</td></tr><tr><td>7.</td><td>Switch Gears</td><td>100,00,000</td></tr><tr><td>8.</td><td>Cable laying cost</td><td>5,00,000</td></tr><tr><td>9.</td><td>Connected structures & Miscellaneous cost.</td><td>40,00,000</td></tr><tr><td></td><td>Total</td><td>2,85,00,000</td></tr></table> (Rounded to Rs.3.00 crores)	Sr. No.	Description	Amount (Rs.)	1.	33 KV Incoming Breaker	20,00,000	2.	Transformer (33/3.3 KV) x 2	40,00,000	3.	Outgoing VCVS x 6	50,00,000	4.	Ducting & Trench	5,00,000	5.	Capacitor Panel	2,00,000	6.	HT Cables and Terminals	5,00,000	7.	Switch Gears	100,00,000	8.	Cable laying cost	5,00,000	9.	Connected structures & Miscellaneous cost.	40,00,000		Total	2,85,00,000
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(d).	Explain the basis of adopting 2% of equipment cost for estimating the cost of workshop equipment.	In most new terminals, major activities related to maintenance of equipment are generally outsourced. Hence a very low figure is assumed as the cost of equipment for workshop. This will meet the cost of minimum equipment only like welding-transformers, gas cutting sets, tools and tackles and such other equipment which should be available on site.																																	
(e).	Confirm that the estimates of capital cost are based on the prevailing market rate and the project report has been either updated or quotation obtained wherever required. Supporting documents may be furnished to substantiate the estimates.	It has confirmed that the estimates of capital cost are based on prevailing market rates and as far as possible supporting documents have been submitted to substantiate the estimates. To be precise, most of the estimates of machines are based either upon budgetary quotes or quotations received recently and civil costs are based upon the latest construction rates in the MOPT.																																	
(iii).	Operating Cost:																																		
	Confirm that the lease rental estimated at Rs. 31.60 per square meter per month for port land proposed to be allotted to the BOOT operator is based on the rate prescribed in the prevalent Scale of Rates of the MOPT. Also, give reference of the relevant schedule in the Scale of Rates of the port.	As per the present Scale of Rates, tariff for lease rentals is Rs.29.20 per square meter (page 70)-II-Licence fee on port land for office building and other structures. Land policy guidelines provides for 2% annual escalation which has been considered for four years i.e., from the year in which licence fees for port land was last revised. Thus, by compounding 2% annually for four years on the base rate of Rs.29.20 per square meter, rate of Rs.31.60 per square meter is arrived at.																																	
(iv).	Proposed composite tariff cap:																																		
(a).	List down the services proposed to be offered in consideration of the coal handling charges and prescribe those as conditions for the tariff cap.	➤ While finalising the proposal, it was felt that it would be prudent to keep one figure as a composite tariff cap for cargo handling services. But, the guidelines and norms																																	

(b).	List down the miscellaneous services expected to be offered by the BOOT operator and corresponding tariff for each of the services.	require apportioning this composite figures into 3 parts: 98% for cargo handling, 1% for storage and 1% for miscellaneous services.
(c).	The storage charge may be modified by prescribing slab wise structure with graded increase in the rates for longer period of storage of cargo to meet the revenue requirement expected from this service.	➤ This apportionment will most likely come in conflict with the Model Concession Agreement. It is difficult to list the miscellaneous services upfront and in case any service is left out at this stage, most likely the port will not get revenue share in future on such tariff. Hence, it has proposed that a composite tariff cap be considered as a single figure for all cargo handling related activities. For the purpose of this tariff cap, cargo handling services would mean all activities from cargo unloading from ship, storage upto designated free period and loading into wagon or truck. Any activity beyond cargo handling services should be charged separately after taking necessary approval from competent authority like TAMP. Hence, TAMP may kindly consider Rs.226.07 per tonne as a composite tariff cap for cargo handling services. ➤ The demurrage charges beyond the permissible free storage period are also to be considered for revenue sharing as per the Model Concession Agreement. Since demurrage is not a core revenue earning activity, and seriously affects reduction of dwell time objective set by the government, clear demurrage policy will have to be defined. Since demurrage was not covered by guidelines of 2008, it has not included it in the proposal. A separate proposal will be made for demurrage charges.
(e).	Concessional tariff may be proposed for coastal movement of coal (other than thermal coal) for ship to shore transfer and transfer from / to quay, to / from storage yard including wharfage not exceeding 60% of the tariff applicable for normal cargo.	Concessional tariff is based on the guidelines of the Ministry issued from time to time. Concessional tariff for coastal movement of coal ships will be charged as per government norms. Therefore, no specific concessions have been proposed in the tariff proposal.
(f).	Berth hire may be prescribed separately for foreign-going vessel in dollar denomination and concessional rupee denominated rate for the coastal category of vessel.	It may be recalled that berth hire was indicated in rupees prior to 1991. In the aftermath of the balance of payment crisis, the vessel related charges were denominated in dollars in 1991. Since the conditions prevailing now are quite different from the time when it was thought prudent to switch over to dollars, it may be appropriate to stick to rupee denomination only. In the past couple of years, ports suffered financially due to weakening of dollar. Even though rupee has weakened recently, as per reports, it is likely that rupee will strengthen in future in view of country's growth. Sometimes back a suggestion was also made for denominating vessel related charges in rupee once again in view of stronger rupee, robust economy and sustained economic growth of the country. In view of this, TAMP may kindly reconsider its view on denominating berth-hire in dollar terms.
(g).	Forward a comprehensive tariff schedule incorporating the upfront tariff cap for the services to be rendered by the operator as well as the conditionalities governing the application of the rates.	Comprehensive tariff schedule incorporating upfront tariff cap for the services to be rendered by the operator as well as conditionality governing the application of rates is enclosed.

7. A joint hearing in this case was held on 14 July 2008 at the MOPT premises. The MOPT made a powerpoint presentation of its proposal. At the joint hearing, MOPT and the concerned users / potential bidders made their submission.

8. 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>.

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

- (i). The proposal to fix an upfront tariff cap for Coal berth terminal at the Mormugao Port Trust is based on the guidelines issued by the Ministry of Shipping, Road Transport and Highways (MSRTH) in February 2008.

Most of the users have appreciated the initiative taken by the port in setting up a new Coal terminal in view of limitation placed by the existing coal handling berths in terms of inadequate draft, berth length, staking area, etc.

- (ii). The MOPT has in general complied with the guidelines issued for upfront tariff setting vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008 issued by this Authority. Some of the deviations made by the MOPT with reference to the norms prescribed for assessment of yard capacity and the methodology prescribed for computation of berth hire are discussed in the subsequent paragraphs.

- (iii). Optimal Quay Capacity:

- (a). For the computation of optimal quay capacity, the ratio of Cape size vessels, Panamax vessels and Handi max vessels is presumed to be at 10%, 80% and 10% respectively by the MOPT based on the existing pattern of shipping fleet and enquiries made from the trade.

M/s.International Maritime and Allied Services Private Limited has pointed out that the estimation of 10% of cape size vessels is optimistic due to constraints of size of the berth, limitation of draft and on account of the adjacent chemical berth requiring 50 mtrs. gap to be maintained while berthing coal vessel at the proposed berth.

The MOPT has confirmed that a cape size vessel of length upto 270 mtrs. can be safely berthed at the proposed coal terminal of 300 meters berth. As regards the draft, the port has a proposal for capital dredging to deepen the channel beyond 14.5 mtrs. The port has also clarified that it proposes to shift the oil operations to Berth No.11 which will address the point made about the adjacent chemical berth.

With rapid expansion of power plants in the country, the port feels justified to assume that over the next 10 years fully laden cape size vessels will be bringing coal to India and they will discharge at multiple ports depending upon the location of power generation plants.

Based on the justification furnished by the MOPT and also recognising that the tariff now fixed will be applicable for a time frame of 30 years of operation of the private terminal, it does not appear to be unreasonable to accept the assumption of the port about the share of cape size vessels calling at the coal terminal.

- (b). The unloading rate of cargo for each of the categories of vessels are computed as per the norms prescribed in the guidelines. The optimal quay capacity of the Coal terminal assessed by the MOPT is at 8.81 million tonnes per annum.
- (c). As regards the submissions made by the port about its proposal to deepen the channel beyond 14.5 meters to accommodate fully loaded cape size vessels at the proposed coal terminal, it may be relevant to note that the upfront tariff set will not undergo any change throughout the concession period except to the

extent of annual escalation prescribed under upfront tariff scheme. If the landlord port undertakes any investment at a later stage which may benefit the Concessionaire, it may be necessary for the port to make adequate provision in the bid document for enhanced compensation it may like to claim from the concessionaire.

(iv). Optimal Yard Capacity:

(a). Stacking capacity:

As per norms given in the guidelines for upfront tariff setting, stacking factor is 3 tonnes per square meter of area. This factor has been considered by the MOPT at 4.5 tonnes in the computation of optimal yard capacity.

The detailed analysis presented by the port and the position obtained by it from the working private terminal South West Port Limited (SWPL) point to a stacking factor of 5 tonnes per square metre of area. However, the port has assumed this factor at 4.5 tonnes for calculation of optimal yard capacity.

Mormugao Port Users Association has pointed out that since coke has a lower density, larger area would be required in comparison to the area required for stacking coal. Hence stacking of the 4.5 tonnes of coal per square meter assumed by the MOPT based on the position obtained from the SWPL needs to be re-examined.

In this context it may be relevant to mention here that the theoretical calculation furnished by the port clearly shows a stacking factor of 5 tonnes per square metre is feasible. This is also the position reported for the private terminal operator SWPL operating in the same port.

The Paradip Port Trust (PPT) in its proposal for upfront tariff setting for a coal terminal has considered 4.7 tonnes of coal can be stacked per square meter of area which has been accepted by this Authority while fixing the upfront tariff of that port.

Based on the MOPT's own calculation and also taking into consideration the stacking capacity assumed by another port for a coal terminal, it may not be unreasonable to adopt the stacking capacity for coal terminal at the MOPT at 4.7 tonnes per square metre per annum.

(b). Plot turn over norm:

The guidelines stipulate plot turnover norm for a coal stack yard at 12 times in a year. The MOPT has submitted that the SWPL with its mechanised wagon loading system has achieved turnover of 25.6 and 26.3 during the years 2006-07 and 2007-08. Considering various factors relevant to its terminal, it has assumed plot turn over ratio of 17 for assessment of the optimal yard capacity.

M/s. International Maritime and Allied Services Private Limited and few other users / bidders have raised objection to this deviation made by the MOPT. They are of the view that the performance level of SWPL may not be possible at the proposed coal terminal on the grounds that the terminal is for multi-user with both road as well as rail movement of cargo whereas the infrastructure for evacuation of cargo by both rail as well as road is not sufficiently developed.

The MOPT has clarified that investment has been made for construction of flyover and four lane road for quick evacuation of movement of cargo by road. The port has also ascertained from the railways that the upgradation of rail infrastructure in that section is in process.

In fact, in case of the coal terminal proposed to be developed at the Paradip Port, the upfront tariff has been fixed by this Authority recently reckoning the plot turnover ratio at 30 times in a year as proposed by the port. Even the existing major coal handling terminal operator i.e. SWPL has achieved the plot turnover ratio in the range of 25.6 to 26.3 as reported by the MOPT in the last two years i.e. 2006-07 and 2007-08. It has to be recognised that the upfront

tariff now fixed would be applicable for time frame of thirty years and the technological development likely to take place in future is expected to improve the evacuation facilities.

It has to be recognised that if the turnover ratio and cargo stacking factor are considered strictly as per the norms, the yard capacity would be 1.76 million tonnes per annum. This would lead to a serious mismatch between the quay and yard capacities. Since the lower yard capacity arises due to physical constraints at the port, it is necessary to utilise the available resources effectively to increase the capacity.

Taking these factors into consideration, the plot turnover ratio achieved by the SWPL in the last two years is moderated by around 20% and adopted for the proposed coal terminal. Accordingly, the plot turnover ratio is considered at 20 for computing the optimal yard capacity of the coal terminal. Incidentally even one of the bidders M/s.Maytas Infra Assets Limited has suggested to reckon the plot turnover of 20.

- (c). Based on the modification suggested in the plot turnover and the stacking capacity the optimal yard capacity of the coal terminal works out to 4.61 million tonnes per annum as against 3.75 million tonnes per annum computed by the MOPT.
- (d). As per the guidelines, optimal capacity of the coal terminal is considered at 4.61 million tonnes per annum being the lower of the optimal quay and yard capacities.
- (v). Capital Cost:
 - (a). The total capital cost of the coal terminal is estimated at Rs.252.44 crores of which Rs.35.63 crores is estimated for construction of berth of the size 300 meters length and 21 meters width and cost of dredging alongside the berth. The balance Rs.216.81 crores estimated by the MOPT pertains to other civil works, equipment cost, etc., for coal handling facility. The MOPT has submitted that the new terminal will be located near the channel and therefore little dredging would be required.
 - (b). With reference to the capital cost of conveyor galleries and transfer tower, the MOPT has proposed to split the cost into two categories viz. equipment cost and civil cost. The civil cost is taken at 10% of the capital cost. It has, however, requested to consider the entire cost under equipment cost on the grounds that Companies Act also treats it under Plant and Machinery for the purpose of depreciation. The guidelines for upfront tariff setting specifically segregate the capital cost under this item under two heads. That being so, the request made by the port to deviate from the guidelines and categorise the capital cost under one head is not accepted.
 - (c). The MOPT has clarified that there was some typographical error in its earlier proposal and that the number of cranes are 2 and number of pay loaders are 4 in line with the norms prescribed in the guidelines. This does not, however, have any impact on the equipment cost. The modified position indicated by the MOPT is considered in the analysis.
 - (d). Some of the users/ bidders have raised objection on the capital cost estimated by the MOPT stating it to be underestimated. In this regard, the MOPT has confirmed that the estimates of capital cost are based on prevailing market rates and most of the estimates of equipment are based either upon budgetary quotations or quotations recently received by the port. The civil cost estimations are based upon the latest construction rates incurred by the port.
 - (e). The return on capital employed is estimated at 16% of the estimated capital cost. This works out to Rs.570 lakhs for berth hire service and Rs.3469 lakhs for cargo handling services.

(vi). Operating Cost:

- (a). The unit cost of power is considered at Rs.4.50 per unit by the MOPT. The consumption of power is considered at 1.4 unit per tonne as per the guidelines. The estimation of power cost is updated with reference to the modified terminal capacity.
- (b). The estimation of repairs and maintenance cost at 1% on the civil assets and 7% on the mechanical and electrical equipment, estimation of insurance cost at 1% of the gross fixed assets and other expenses estimated at 5% of the gross value of fixed assets are found to be as per the norms prescribed in the guidelines.
- (c). The MOPT has stated that the depreciation is computed @ 3.34% on civil cost and 10.34% on equipment as per the rates prescribed in the Companies Act for the relevant group of assets.
- (d). Lease rentals is estimated for 1,00,000 sq. mtrs. of area to be leased @ 31.60 per sq. mtr. per month. The MOPT has confirmed that the estimation of this cost is based on the rate prescribed in its Scale of Rates of the port and applying the annual escalation factor of 2% as per the land policy guidelines of the Ministry of Shipping, Road Transport and Highways to arrive at the prevailing rate.
- (e). Strictly adhering to the guidelines, the operating cost for berth hire service is estimated at 1% of the berth cost by the MOPT i.e. Rs.36 lakhs.

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

In view of the position explained above, the element of insurance cost at 1% and depreciation @ 3.34% of the capital cost are considered in this case also while estimating the operating cost for assessment of the revenue requirement from berth hire service. In this context, it is noteworthy that clause 3.6. of the guidelines for upfront tariff setting gives flexibility to this Authority to decide on a particular item of expenditure, which it considers for incorporation while computing the upfront tariff cap for which norms are not explicit in the guidelines.

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

- (a). As per the statement, the total revenue requirement from cargo handling service works out to Rs. 8528 lakhs which is an aggregate of 16% Return on a capital cost of Rs. 21681 lakhs and modified operating cost of Rs. 5059 lakhs.
- (b). The guidelines require 98% of the total revenue requirement to be apportioned to handling charge and 1% each towards storage charge and miscellaneous charge.

The MOPT has proposed a single uniform composite handling rate. It has not proposed any tariff for miscellaneous service on the grounds that the miscellaneous services cannot be listed upfront and has submitted that for any activity beyond cargo handling services, the operator must be allowed to charge separately after taking necessary approval from competent authority.

As regards demurrage charge also, the port is under the impression that the operator can propose tariff for this service later.

In this context, it has to be recognised that the upfront rate fixed is the cap to meet the estimated revenue requirement. The guidelines do not provide for any alteration of the revenue requirement during the period of the concession and

consequently, the upfront tariff caps will not undergo any change except to the extent of annual escalation as prescribed in the guidelines.

Therefore, the tariff for various services to be provided by the Concessionaire is to be fixed upfront to meet the revenue requirement.

- (c). Recognising the difficulty expressed by the MOPT in identifying the miscellaneous services, the 1% revenue requirement from miscellaneous service prescribed in the guidelines is merged with the handling charge. This means, the tariff cap set for handling includes any miscellaneous services that may be provided by the operator. On this basis, the total revenue requirement from handling charge works out to Rs.8443 lakhs. Accordingly, a composite handling rate is arrived at Rs.183.00 per tonne.

The composite handling rate would cover all the cargo handling services from cargo unloading from ship, storage up to the prescribed free period, loading into wagon or truck, including services related to all sweeping of cargo on the wharf, dust suppression system, and all other miscellaneous services provided by the operator.

- (d). The point made by the MOPT that demurrage charge is not covered by the guidelines is not correct. As already mentioned earlier, the guidelines stipulate 1% revenue requirement to be met from storage charge after allowing the 25 days free period for coal terminal.

As per the guidelines, 1% of the revenue requirement (i.e. Rs.85 lakhs) is considered for arriving at the storage charge. Since the plot turnover is modified from the prescribed norm of 12 to 20 for assessing the optimal yard capacity, the number of free days is suitably modified and prescribed as 15 days as against 25 days stipulated in the guidelines.

Considering the revenue earning days available after allowing 15 days free period, the storage charge is prescribed at Rs.12 per tonne per day or part thereof for the first five days beyond the free period i.e. from 16th day to 20th days, Rs.24 per tonne or part thereof for the next five days (21st day to 25th day) and Rs.48 per tonne or part thereof the period thereafter (26th day onwards). The 1% of the revenue requirement can be met from this tariff structure prescribed.

Similar tariff structure is allowed while setting upfront tariff of a coal terminal at the Paradip port.

- (e). As regards the berthing service, the revenue requirement subject to the above modification is Rs. 761 lakhs (i.e. Rs.570 lakhs being 16% return on a capital cost of Rs. 3469 lakhs and operating cost of Rs.191 lakhs) as against revenue requirement of Rs.606 lakhs estimated by the port.

The MOPT has stated that the berth hire calculated as per the guidelines would lead to conceptually wrong rate. The methodology followed by the MOPT for arriving at the berth hire is found to be logical and accepted. In fact, the upfront berth hire of the coal and iron terminal in the Paradip Port has been fixed adopting the methodology followed by the MOPT.

Subject to modification in revenue requirement estimated by us at Rs.7.61 crores and modification in the optimal terminal capacity, the predetermined berth hire based on the approach followed by the MOPT works out to Re.0.49 per GRT per hour. The detailed computation of berth hire of coal terminal is furnished in the **Annex-I** attached.

- (viii). The MOPT has requested that berth hire charge for foreign-going vessel may be prescribed in Indian Rupee to avoid foreign exchange risk.

Normally vessel related charges for foreign going vessels are denominated in US dollar terms by converting the rupee value to dollar terms by applying the exchange rate prevailing at the time of notification of the relevant tariff order. This approach is not appropriate in the upfront tariff cases which will have a validity of 30 years. Firstly,

applying a WPI based escalation on a foreign currency is not correct. Secondly, the foreign exchange variation over the next 30 year cannot be predicted. In case of any abnormal variations, either the users or the operator will have to bear the incidence, depending on which side the appreciation takes place. Therefore, the upfront berth hire charge is denominated in Rupee term only. The rate for foreign going vessel will be Re. 0.49 per GRT per hour or part thereof at coal berth.

- (ix). The upfront tariff schedule proposed by the MOPT does not specify concessional berth hire applicable for coastal vessel and concession in the handling charge for coastal movement of cargo for ship to shore transfer, transfer from / to quay, to / from yard including wharfage.

The port has clarified that concessional tariff for coastal vessels / coastal cargo will be charged as per the guidelines issued by the Ministry and hence no specific provision is required to be made in the upfront tariff schedule.

It is relevant to mention that clause 2.6. of the guidelines for upfront tariff setting stipulate compliance of the policy directions issued by the Central Government from time to time.

Though it is understood that there may not be any coastal vessel unloading coal at Mormugao Port and thus prescribing concessional rate to coastal vessel/ cargo may not have any impact on the revenue realization, the concessional rate for coastal category is prescribed to comply with the Government guidelines in case of any such eventuality.

Concessional berth hire for coastal vessels is prescribed at 60% of the rate prescribed for foreign-going vessel. Concession in the composite handling rate is prescribed for coastal movement of coal other than thermal coal at 60% of the rate prescribed for normal cargo.

- (x). Definitions of some of the common terms like foreign going vessel, coastal vessel, per day are included in upfront schedule in line with the definitions prescribed in the Scale of Rates of other major ports/ private terminals.
- (xi). 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 such as users should not be required to pay charges for delays beyond reasonable level attributable to the private terminal operator, berth hire shall stop 4 hours after the vessel signaling readiness to sail, penal berth hire for a false signal, free days to exclude Customs holidays and terminal's non-operating days, free days to commence after actual discharge of cargo from vessel, storage charge not to accrue for the period when the operator is not in a position to deliver / ship import / export cargo, etc. are included in the upfront tariff schedule.
- (xii). Recognising that conditionalities fixed now would applicable for a time frame of 30 years, it may suffice to state that the penal rate of interest for delayed payment by users and delayed refund by the operator, will be levied 2% above the Prime Lending Rate of the State Bank of India as against specific penal interest rate of 13% proposed by the port.
- (xiii). Some of the proposed provisions which are not in line with the common prescription at other major ports / private terminals and the provisions of the revised tariff guidelines have been either been deleted or modified.

10.1. As per clause 2.8 of the Guidelines, the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2008 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

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

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

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

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

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

11. In the result, and for the reasons given above and based on a collective application of mind, this Authority approves the tariff caps for the coal terminal at Mormugao Port Trust attached as **Annex-II**.

(Brahm Dutt)
Chairman

FORMULATION OF UPFRONT TARIFF FOR COAL TERMINAL AT MORMUGAO PORT

Sr. No.	Particulars	As proposed by MOPT	As considered by TAMP
I	<u>Optimal capacity</u>		
(i)	<u>Optimal Quay Capacity</u>		
(a)	Ratio of Vessel Size to be handled	% of vessels	
	Number of Capesize vessels (S1)	10%	10%
	Number of Panamax vessels (S2)	80%	80%
	Number of Handy size/ max vessels (S3)	10%	10%
(b)	Ship day Output (in tonnes per day)		
	- Capesize vessels (P1)	50000	50000
	- Panamax vessels (P2)	35000	35000
	- Handy size/ max vessels (P3)	15000	15000
(c)	Quay Capacity = $0.7 * ((S1 * P1) + (S2 * P2) + (S3 * P3)) * 365$	8814750	8814750
	Quay Capacity in million tonnes	8.81	8.81
(ii)	<u>Optimal Yard Capacity</u>		
	Area allotted by the Port (in square metres) (A)	100000	100000
	Area available for stacking (%) (U)	70%	70%
	Stacking Quantity per square metre (tons) (Q)	4.50	4.70
	Annual Turnover Ratio of the plot (T)	17	20
	Yard Capacity (in tonnes) = $0.7 * A * U * Q * T$	3748500	4606000
	Yard Capacity (in million tonnes)	3.75	4.61
(iii)	Optimal capacity of the Terminal - lower value of the optimal quay capacity and optimal stack yard capacity (in Million tonnes).	3.75	4.61
II	<u>Capital Cost</u>		
(i).	<u>Cargo Handling Activity</u>	Rs. In lakhs	Rs. In lakhs
	(a). Civil Cost	3780	3780
	(b). Equipment Cost	16869	16869
	Subtotal	20649	20649
	(c).Miscellaneous (5% on (a) and (b)	1032	1032
	(iv). Total Capital Cost for Handling Activity (a +b + b)	21681	21681
(ii).	<u>Capital Cost For Berthing Services</u>		
	(a).Cost of construction of Berth (300 mtrs * 21 mtrs width)	3563	3563
	(b).Cost of dredging alongside berth	0	0
	Total Capaital cost for berthing services	3563	3563
(iii).	Total Capital Cost of the Project (A+B)	25244	25244
III	<u>Operating Cost</u>		
(i).	<u>Cargo Handling Activity</u>	Estimates (Rs.in lakhs)	Rs. In lakhs
	(a). Power and Fuel Cost (1.4 units per tonne @ Rs. 4.50 per unit)	236	290
	(b). Repair & Maintenance		
	- Civil Assets	38	38
	- Mechanical & Electrical Equipment including spares	1181	1181
	(c). Insurance	217	217
	(d). Depreciation	1870	1870
	(e). Lease Rentals	379	379
	(f). Other Expenses towards salaries and overheads (5% of Rs. 21681 lakhs)	1084	1084
	Total Operating Cost	5005	5059

Sr. No.	Particulars	As proposed by MOPT	As considered by TAMP
IV	Revenue Requirement & proposed tariff		
(i).	Cargo Handling charge		
	Revenue Requirement		
	(a). Total Operating Cost	5005	5059
	(b). Return on capital Employed @ 16%	3469	3469
	(c).Total Revenue requirement from cargo handling activity	8474	8528
	Apportionment of Revenue Requirement		
	(a) Coal Handling Charges	8474	8443
	(b) Storage Charges	0	85
	(c).Total Revenue requirement from cargo handling activity	8474	8528
	Proposed tariff per tonne rate		
	(a) .Coal Handling Charge (Composite)	226.06	183
	(b) Storage Charge		
	(i) Free period	30 days	15 days
	(ii) Storage Charge (beyond the free period)	Not proposed	Rate Per tonne per day or part thereof
			First five days - Rs. 12
			6th day to 10th day - Rs. 24
			11th day onwards - Rs. 48
(ii).	BERTH HIRE CHARGES		
	Revenue Requirement		(Rs. in Lakhs)
	(a). Total Operating Cost	36	36
	(b). Return on capital Employed @ 16%	570	570
	(c). Depreciation (3.34% on capital cost)	0	119
	(d). Insurance (1% on capital cost)	0	36
	Total Revenue requirement from Berthing services	606	761
	Berth hire Charge per GRT per hour in Re.	0.48	0.49

BERTH HIRE COMPUTATION**A As furnished by the MOPT**

Sr. No	Particulars	Unit	Cape size	Panamax	Handi max	Total
i	Ratio	%	10%	80%	10%	100%
ii	Ship day output	Tonnes per day	50000	35000	15000	100000
iii	Average DWT	tonnes	175000	75000	45000	
iv	Average GRT	tonnes	105000	45000	27000	
v	Average parcel size	tonnes	75000	60000	40000	
v i	Tonnage expected to be handled	Tonnes	375000	3000000	400000	3775000
vii	Average hours at berth {24 x (v)/(ii)}	hours	36	41	64	
viii	Average GRT hours per vessel	Tonne hours	3780000	1851429	1728000	
ix	Expected number of vessels	No of vessels	5	50	10	65
x	Total GRT hours	Tonne hours	18900000	92571429	17280000	128751429
xi	Revenue Requirement	Rs. In lakhs				606
xii	Berth hire proposed by the MOPT (xi /x)	per GRT per hour or part thereof				0.48

B As considered by TAMP

Sr. No	Particulars	Unit	Cape size	Panamax	Handi max	Total
i	Ratio	%	10%	80%	10%	100%
ii	Ship day output	Tonnes per day	50000	35000	15000	100000
iii	Average DWT	tonnes	175000	75000	45000	
iv	Average GRT	tonnes	105000	45000	27000	
v	Average parcel size	tonnes	75000	60000	40000	
vi	Average hours at berth {24 x (v)/(ii)}	hours	36	41	64	
vii	Tonnage expected to be handled	Tonnes	461000	3688000	461000	4610000
vii	Average GRT hours per vessel	Tonne hours	3780000	1851429	1728000	
viii	Expected number of vessels	No of vessels	6	61	12	79
ix	Total GRT hours (vii x viii)	Tonne hours	22680000	112937169	20736000	156353169
x	Revenue Requirement	Rs. in lakhs				761
xi	Modified Berth hire (xi /x)	per GRT per hour or part thereof				0.49

MORMUGAO PORT TRUST
UPFRONT TARIFF SCHEDULE OF COAL TERMINAL

1.1. DEFINITIONS

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

- (i). **“Coastal Vessel”** means any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal license issued by the competent authority.
- (ii). **“Foreign Vessel”** means any vessel other than a coastal vessel.
- (iii). **“Per day”** means per calendar day unless other wise stated.

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, is the relevant factor to decide whether vessel is 'coastal' or 'foreign-going' for the purpose of levy of vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ii).
 - (a). The vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels.
 - (b). The cargo related charges for all coastal cargo other than thermal coal should not exceed 60% of the normal cargo related charges.
 - (c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from / to quay to / from storage yard including wharfage.
 - (d). Cargo from a foreign port, which reaches an Indian Port 'A' for subsequent transshipment to Indian Port 'B' will be, levied the concessional charges relevant for its coastal voyage. In other words, cargo from / to Indian ports carried by vessel permitted to undertake coastal voyage will qualify for the concession.
- (iii). Interest on delayed payments / refunds:
 - (a). The user shall pay penal interest on delayed payments under this Scale of Rates. Likewise, the terminal operator shall pay penal interest on delayed refunds.
 - (b). The rate of penal interest will be 2% above the Prime Lending Rate of the State Bank of India.
 - (c). The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.
 - (d). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the Terminal operator. This provision shall, however, not apply to the cases where payment is to be made before availing the services where payment of charges in advance is prescribed as a condition in this Scale of Rates.
- (iv). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.

- (v). (a). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The terminal operators may, if they so desire, charge lower rates and/or allow higher rebates and discounts.
- (b). The terminal operator may also, if they so desire rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the users in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.
- (c). The terminal operator should notify the public such lower rates and/or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and/or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.
- (vi). Users will not be required to pay charges for delays beyond reasonable level attributable to the terminal operator.

2. **BERTH HIRE CHARGES:**

The berth hire charge payable by masters / owners / agents of the vessel and other floating craft approaching or lying alongside the berth shall be as per the rates given below:

Sl. No.	Vessels	Rate per GRT per hour or part thereof	
		Foreign Going Vessel (in Rs.)	Coastal Vessel (in Rs.)
1.	All vessels	0.49	0.29

Notes:

- (i). The period of berth hire shall be calculated from the time vessel occupies the berth.
- (ii). Berth hire includes charges for services rendered at the berth, such as occupation of berth, rubbish removal, cleaning of berths, fire watch, etc.
- (iii). No berth hire shall be levied for the period when the vessel idles at its berth for continuous one hour or more due to breakdown of terminal operator's equipment or power or for any other reasons attributable to the terminal operator.
- (iv). (a). Berth hire shall stop 4 hours after the time of vessel signaling its readiness to sail.
- (b). The time limit of 4 hours prescribed for the cessation of berth hire shall exclude the ship's waiting time for want of favorable tide conditions, inclement weather, and due to lack of night navigation.
- (c). The master / agent of the vessel shall signal readiness to sail only in accordance with favorable tidal and weather conditions.
- (v). The Penal Berth hire shall be equal to one-day's (24 hours) berth hire charge for a false signal.

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

3. **CARGO HANDLING CHARGES:**

Sl. No.	Commodity	Unit	Rate in Rupees	
			Foreign	Coastal
1.	Coal handling charge			
(a).	Thermal coal	Per Metric Tonne	183.00	183.00
(b).	Other than Thermal coal	Per Metric Tonne	183.00	110.00

Note:

The handling charges prescribed above is a composite charge for unloading of the cargo from the vessel and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 15 days reclaiming from stackyard and loading onto trucks / railway wagon, sweeping of cargo on the wharf, dust suppression services and all other miscellaneous services provided.

4. **STORAGE CHARGES:**

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

(Rate in Rs. per tonne per day or part thereof)

Sl. No.	Commodity	Rate for five days for the balance cargo remaining after the free period	Rate for sixth day to tenth day for the balance cargo	Rate for Eleventh day onwards for the balance cargo
1.	Coal (all types)	12	24	48

Notes:

- (i). Fifteen free Days shall be allowed, after complete discharge of vessel's cargo. For the purpose of calculation of free period, Customs notified holidays and Terminal's non- working days shall be excluded.
- (ii). Storage charges shall be payable for all days including Terminal's non- working days and Customs notified holidays for stay of cargo beyond the prescribed free days.
- (iii). Storage charge on cargo shall not accrue for the period when the terminal operator is not in a position to deliver / ship the cargo when requested by the user due to reasons attributable to the terminal operator.

5. **GENERAL NOTE TO SCHEDULE (2) TO (4) ABOVE:**

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 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.

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/23/2008-MOPT - Proposal from the Mormugao Port Trust for fixing upfront tariff cap for coal handling by private terminal operator on BOOT basis at Mormugao Port

1. The summary of the comments from the user/user organisations are summarised below:

Sl. No.	Comments of users / user organisations	Comments of MOPT
1.	Mormugao Port Users Association	
	The initiative of MOPT for setting up a new coal handling terminal is appreciated as the present berth nos.10 and 11 where coal/coke is being handled has its own limitation regarding availability of draft, berth length, stacking area, etc. Being multipurpose berths, no dedicated equipment for handling particular commodity can be installed without adverse effects on other commodities. This situation has prevented installation of proper preventive measures for environment control and naturally has resulted in concerns regarding environment pollution in Vasco city. Hence from environmental angle, shifting of handling operations from berth no. 10/11 has become necessary and desirable.	Mormugao Port Users Association has concurred with our decision to shift coal handling from Berth nos.10 and 11 to Berth No.7.
(i).	Tariff cap of Rs.221.55 per tonne proposed for cargo handling charges, prima facie appears to be on the higher side. Though, it is understood that any new terminal where better facilities are provided, the charges are bound to be higher but, there has to be some co-relation with existing rate structure. The proposed charges are more than double the prevailing charges at the port. Even though logically any importer should derive cost benefit from proposed higher unloading rates, it is felt that intended benefit may not be available to the users.	No comments furnished.
(ii).	All the members of its association are medium scale industries and have their own financial constraints. Presently cargo in small parcel sizes upto and around 35000 Metric Tonnes (MT) for coke and 50000 MT for coal are imported. They are not in a position to nominate higher size of vessels inspite of possible benefit due to reduction in ocean freight. Restraining factors of letter of credit limits and high inventory cost due to unprecedented increase in unit value of cargo do not permit enjoyment of freight benefit.	While calculating the tariff, it has consciously catered to the needs of small and medium scale industries. Hence, provision is kept for Handimax and Panamax vessels as well as road evacuation.
(iii).	The norms of unloading rate per ship day is defined at 15000 tonnes per day in guidelines for the size of vessels handled by it. It has not been made clear whether this guidelines is applicable to both coal and coke, as unloading rate for coke undergoes reduction because of its lower density. Even otherwise, a rate of 12/13000 tonnes per day for coal is being achieved on berth no. 10 and 11	The unloading rate of 15000 tonnes per day for Handimax vessels is as per the norms defined in the guidelines issued by the Ministry. This is a feasible figure. As noted by Port Users Association, unloading rate of coal @ 12000 – 13000 tonnes per day is achieved by ships own gears. With mobile harbour cranes the rate is bound to be better both for coal and coke and

	by ships own gears and hence advantages of higher loading rate and corresponding cost benefit appears to be only marginal. For Panamax and Capesize vessels, the unloading rates indicated are quite satisfactory and should give substantial cost benefit to the importer but for reasons indicated in (ii) above it will not be feasible to avail of this benefit.	hence that will help the trade.
(iv).	It is not clear, whether the unloading rates indicated in the proposal are only estimates as per guidelines or they are proposed to be made binding on the terminal operator. In the absence of guaranteed unloading rates, it may end up losing on both fronts i.e. higher handling charges and lower unloading rates.	The unloading rates are as per the guidelines.
(v).	In the proposal even though optimum quay capacity is 8.81 million tonnes per annum, the optimum terminal capacity has been taken as 3.75 million tonnes per annum based on optimum stack yard capacity. It is understood that the proposal of MOPT is to develop berth no.7 with a designed capacity of 7 million tonnes per annum. When MOPT is faced with serious constraints on land availability, the logic of designing the terminal for a very high capacity has not been explained. The capacities of various equipment so designed for 7 million tonnes will most certainly lead to severe under utilisation. In any case the differential cost involved in providing higher capacities will be almost dead investment. However based on present policy of TAMP of fixing tariff on cost plus basis, the terminal operator will recover this cost also from the importers. Therefore unless there is a definite plan with MOPT for expanding or providing more stacking space in the near future, the above differential investment is bound to remain unproductive and only result in higher burden to the importers. Since this issue is of vital importance, it is suggested to reassess the designed capacity on a realistic basis. Such an exercise is bound to reduce number and capacities of equipment resulting in substantial effect on handling charges.	The optimum quay capacity and stackyard capacity has been worked out based on the norms prescribed by the Ministry. The constraints at Mormugao Port, for instance land availability has been duly considered while working out the normative tariffs. Although the stackyard capacity has been indicated as 3.75 million tons in the proposal, while actually implementing any coal terminal project at Mormugao Port, the operator may have to look at various innovative ideas/latest technologies to increase the stackyard capacity. These will definitely result in additional capital investments. Such additional investments to increase the stackyard capacity has not been included in the proposal. There will thus not be any dead investment or excess capacity created.
(vi).	On account of what has been stated in (v) above, handling charges are expected to be higher than what actually they should have been. Due to availability of tariff cap to the terminal operator, there is unlikely to be any reduction in handling charges in the absence of any competition.	
(vii).	It may be noted that prior to development of 5A and 6A terminal, berth nos. 10 and 11 were almost handling a quantity of 3 million tonnes per annum with only ship gears. Therefore, it needs to be re-examined whether high rated equipment envisaged in the proposal are really required for a throughput of 3.75 million tonnes which is only about 25% more than 3 million tonnes.	Our Business Plan Consultants have conducted extensive studies for estimating the possible demand for coal over the next 30 years. The demand for coal in the hinterland of the port is huge. The suggestion made by Mormugao Port Users Association to handle coal using ships gears does not merit any consideration whatsoever.
(viii).	For estimation of optimum stack yard capacity, capacity utilisation level of 70% has been considered. Presently about 8 parties are handling approximately 1.2 million tonnes of coal/coke per annum at berth no. 10 and 11. New terminal stack yard will have not only to cater to these 8 parties	The Mormugao Port Users Association comprises small and medium size Exporters. While designing the layout of the terminal, it has catered to their needs for smaller size plots and evacuation by road. It does not agree with the contention that there will be more than a dozen users at any point

	but also other parties who will be bringing balance 2.5 million tonnes. In effect, it will mean stack yard will have to be divided to accommodate cargo of even more than a dozen parties. Each division of the stockpile will result in substantial reduction of stockpile capacity. Moreover, the grades of cargo of various parties are likely to be different in which case mixing of cargo will not be feasible. Therefore, whether 70% of the stockpile capacity will be actually available for multiple parties, needs to be re-examined. Such an exercise will again have bearing on optimum stockpile capacity and also on the handling charges.	of time. The number of users is not likely to be more than 8. Moreover, with the heavy investment that the Port is making in construction of flyover and four lane road, the users will have to increase evacuation capacity. The present tendency of using the extremely limited port area as a warehouse will have to be reversed.
(ix).	Deviation has been made for quantity that could be stacked from 3 tonnes prescribed in the guidelines to 4.5 tonnes per square metre in the proposal. The proposal further states that higher tonnage has been considered based on the experience of SWPL terminal. It has not been made clear in the proposal whether cargo of both coal and coke have been considered, as lower density of coke requires larger footprint area as compared to coal for the same quantity. Presently out of 1.2 million tonnes, approximately 6 to 7 lakh tonnes of coke is being handled at berth nos.10 and 11. Out of the balance quantity of 2.5 million tonnes, the possibility of some other parties importing further quantity of coke cannot be ruled out. Therefore a judicious projection will have to be made of the cargo mix of coal and coke. The quantum that can be stacked per square meter should also be re-examined in the light of above observation. From our own experience, it is felt that 4.5 million tonnes per square meter appears to be optimistic. Since SWPL are essentially dealing with only one party and most of the cargo handled is coal, it is possible to get high storage capacity.	All the calculations and projections have been done for coal. The variation in densities of coal and coke is bound to affect the stackyard efficiency. The argument made by Port Users Association strengthens the case for higher tariff than what has been proposed.
(x).	Presently there are many constraints for evacuation of cargo by road due to geographical and social factors. In some cases, night transportation of cargo is prohibited. It is, therefore, necessary that while designing the terminal, above factors should be taken into account. It has suggested that they should be kept in the loop by MOPT and terminal operator during designing of terminal so that their requirements are properly taken care of. History of SWPL should not be allowed to be repeated.	The port is investing a huge amount (to the tune of Rs.50 crores) in constructing a flyover and four lane road for quick evacuation of cargo. In the new coal terminal, specific provision has been made for evacuation by road with a rapid-in-motion truck loading system. This provision will ensure that the history of SWPL is not repeated as apprehended by the Port Users Association.
2.	Mormugao Stevedores' Association	
(i).	The MOPT definitely needs a dedicated terminal for coal / coke with modern handling equipment and effective and measurable pollution control systems.	Mormugao Stevedores Association has endorsed the need for a dedicated coal terminal away from the city. It has thanked the Stevedores Association for supporting its project.
(ii).	The tariff caps proposed, based on the detailed costing of infrastructure and terminal handling capacity appears to be very reasonable. The rate should, however, be fixed for a specific time period alongwith an escalation formula thereafter.	The Mormugao Stevedores Association has endorsed the proposed tariff caps. The rates shall be escalated using the formula for adjustment of inflation as per the Guidelines of 2008.
(iii).	The proposed rate on no account should escalate simply because a similar neighbouring facility may charge a higher rate and therefore an argument may be made later on for bringing about parity in rates.	The tariff caps shall not be changed on account of escalation by a neighbouring facility. Revision can be made only after five years in case extraordinary changes occur in the industry.

(iv).	Since this being a common user facility, it is expected that berthing will be on first come first serve basis with no discrimination between small and big users.	It is hereby confirmed that the new coal terminal shall be a common user facility.
(v).	Although not within the purview of TAMP, it has emphasised that the completion of the last link of the 4 lane highway to the port is a must for the successful implementation of the project.	The port is investing heavily, to the tune of Rs.50 crores in construction of flyover and four lane road to cater to the needs of hinterland and trade.
3.	M/s.Vadinar Oil Terminal Limited	
(i).	Capital Cost: (a). It is presumed the capital cost and operating cost estimates given in the report are only indicative, and therefore, the tariff workings are also indicative. As the cost estimates are not based on detailed engineering, the capital cost cannot be accurately estimated at this stage. It presumes that the actual cost of completion and actual operating costs will be taken into account while fixing the final tariff. (b). The capital cost should take into account provision for escalation on account of inflation and price escalation of atleast 25% (as the project would be implemented over a period of 3-4 years). (c). The capital cost is based on estimates and is not backed by detailed engineering. Therefore, provision for contingency should be made in the capital cost at the rate of atleast 15% to provide for unforeseen situations and as margin for error in estimation. (d). The provision of 5% under the head "Miscellaneous" is quite low considering the fact that this includes costs such as pollution control, fire fighting equipment, upfront payments, Interest During Construction (IDC), working capital margin, miscellaneous equipment, power supply, lighting, etc. For example, considering a three year construction schedule, the IDC alone works out to over 15%. Therefore, in its view the provision under the head "Miscellaneous" should be atleast 25%.	As per the Guidelines of 2008, the actual cost of a project is not to be considered for fixing the final tariff. Tariff cap is to be fixed on the basis of norms set in the guidelines. The upfront tariff cap is not related to any particular product. Hence the issues raised by Vadinar Oil Terminal Ltd., about escalation, provision of contingencies; IDC etc. cannot be considered at this stage.
(ii).	Operating Cost: (a). The power cost of Rs.4.50 per Kilo Watt per Hour (KWH) considered in calculation of operating cost appears to be low and needs to be examined. (b). Depreciation on miscellaneous cost has not been considered while computing the operating cost. (c). While computing the operating cost for the berth, the following elements of operating cost have not been considered: ➤ Insurance @ 1% of Gross Fixed Assets value ➤ Depreciation as per Companies Act ➤ Other expenses @ 5% of Gross Fixed Assets value	(a) and (b): While computing the operating cost, depreciation, insurance and other expenses have been included as per the norms prescribed in the guidelines. (c). Berth Hire Charges have been calculated as per the norms to recover the cost of construction of Berth. The operating cost of berth as per the norms have been included.

	(d). The cost of dredging for normal strata has been worked out at the rate of Rs.150 per cubic metre. Considering the buoyant demand for dredging and the non-availability of dredgers in the markets, the dredging rates have increased significantly. Therefore, the dredging cost should be based on current market rates of atleast Rs.250 per cubic metre.	(d). It agrees that the dredging cost is increasing continuously. It has, therefore, requested to allow the port to revise the capital cost upwards looking at the current market rates.
(ii).	Yard Capacity: The yard capacity based on TAMP guidelines works out to 1.76 Metric Million Tonnes Per Annum (MMTPA) whereas Mormugao Port Trust has considered yard capacity of 3.75 MMTPA. This is highly detrimental for the developer, as the cost recovery / revenue earning would be based on 3.75 MMTPA capacity and not 1.76 MMTPA capacity whereas the actual capacity of the terminal would be only 1.76 MMTPA.	Regarding yard capacity, it has referred to its submissions made on the comments of other users/user associations/bidders.
(iii).	Capacity utilisation: Cargo handling charges are worked out based on 70% capacity utilisation which is applied to all the years. However, it is pertinent to note that the capacity utilisation cannot be ramped upto 70% from the very first year itself. Past experience shows that the capacity utilisation ramp up happens over a period of time. Moreover, the operations face teething problems, and takes time to stabilise. Therefore, in its view, the capacity utilisation may be kept at lower levels in the initial years (say 30% in the first year ramping upto 40% in second year, 50% in third year, 60% in fourth year and thereafter at 70%).	Regarding capacity utilisation ramp-up, the guidelines do not provide this provision. However, while conducting the Feasibility study, it has considered ramping up the capacity over a period of 3 years after construction of the terminal.
4.	M/s. International Maritime and Allied Services Private Limited	
(i).	On the outset, it seems that the port is in a hurry to complete the formalities. The port has not answered number of queries raised in the pre-bid meeting like when the oil berth / nearer civil constructions will be cleared, how many number of rail rakes can be definitely planned for, when the bridge over Vasco City will be constructed and will be open for the coal traffic, etc. Since these things are vital for the project viability, without a definite answer to these queries it may lead to unsatisfactory results.	(a). The MOPT has decided to shift the oil operations to Berth No.11. The Business Plan Consultants have recommended integration of Berth 8 and Berth 9 for iron ore exports. The port has already convened meetings with coal and liquid cargo importers. A new layout of pipelines will be issued to liquid cargo customers within the next few weeks. (b). The flyover and four lane road are scheduled to be completed by 2010. (c). The availability of rail rakes has to be tied up with Indian railway and Konkan railway. It has ascertained that railway capacity in Goa – Karnataka corridor is likely to increase substantially over the next 5 to 7 years. Already a major improvement has been made by upgrading to WDG4 locomotive and extending loop lines in the ghat section. The South Western Railway has informed that railway capacity shall not be a constraint for the new coal terminal.
(ii).	Factors considered for designing an optimal coal terminal in MOPT: (a). MOPT has considered the berth to handle partially loaded cape size vessels at proposed coal terminal. The total length of the berth is considered 300 meters only. To berth cape size vessels of	(a). It is reasonable to assume that a vessel of length upto 270 mtrs. can be safely berthed at the new coal terminal.

	more than 270 meters it would be difficult to berth without mooring the vessels in adjacent berths of SWPL and chemical jetty. (b). Further, as per norms, no coal vessel can berth within 50 metres from a chemical carrying vessels, which makes it difficult to berth cape size vessels. Also, the other terminal operator, South West Port Limited (SWPL) usually berths panamax vessels which means how to cater the gap of 50 meters on both the sides?	(b). International Maritime & Allied Services may be asked to give documentary evidence of their contention that no coal vessels can be berthed within 50 mtrs. of a liquid jetty. As already mentioned earlier, the port proposes to shift liquid operations to Berth No.11.
(iii).	Estimation of Capacity: (a). Optimal quay capacity: Estimation of 10% of cape size vessels seems optimistic as it is difficult to berth the vessel due to constraints of size of the berth and adjacent chemical berth. Norms of ship day output is too optimistic. It is understood from the port authorities that SWPL's fully mechanised facility is unloading coal only at an average of 25000 MT per day from Panamax vessels. Hence unloading rate of 35000 per day at this point of time is beyond reasonable estimation. (b). Optimal Yard Capacity: Total back-up area is divided in two parts. One which is to be reclaimed (30,000 sq. metres) and another 1,00,000 sq. metre back up behind. The norm of 70% may not be applicable on the total area here because required building, rail tracks of 5.5 km and marshalling yard of 2.25 km will consume a substantial part of available area. Further, the terminal has to have provision of truck loading facility which will further require more land. Considering these aspects the storage area will be far less than 70% of the available land. (c). Turnover ratio: Considering the SWPL performance, the MOPT has taken the turnover ratio at 17 times for the storage area. But, before making this assumption two factors must be considered. SWPL has fully mechanised facility for rail loading cargo, whereas the proposed berth assumes truck loading facility besides rail loading facility and is not handling any road cargo. It is understood during the pre-inspection meeting that, SWPL is operating for rail bound customers and major portion is to one single customer. Hence SWPL may achieve the loading rate and speedy turnover of say 30 times as mentioned in the tariff application. When compared to berth no.10, 11 which were handling coal since long, the turnover ratio is hardly 10 to 12. This has to be considered because in these berths, the majority of road movements are being catered to. Evacuation through trucks may make it difficult to achieve the optimistic turnover ratio of 17 times. In view of the above, the turnover of 30 times is beyond reasonable estimates.	(a). No Comments furnished (b). The layout of the stacking area is being designed to maximize the turnover and utilization of limited stacking space with modern technology and improved equipment. The assumption of 70% efficiency of stacking area is, therefore, reasonable. (c). Turnover ratio of 17 is a reasonable figure for estimating the capacity. It has referred to its earlier submissions on turnover ratio in this regard.

	(d). Considering the above points, the capacity estimation of 3.75 million MT per annum is not feasible.	
(iv).	Calculation of Capital Cost: The MOPT in its tender No.CME/PROJ/BERTH NO. 7/RFQ/2/2008 has mentioned in clause no. 1.1.1. that the project cost of the terminal would be Rs.332 crore whereas the proposal for upfront tariff mentions only Rs.252.44 crore. The difference of Rs.79.56 crore is not explained anywhere.	The tariff proposal is based upon the norms set in the guidelines. Capital cost has been calculated using the norms set in the guidelines. In the Feasibility report for the terminal at Berth 7, much higher and better equipment have been proposed leading to higher capital cost.
(v).	Rail rake availability: In the pre-bid meeting, the traffic department said that they were getting about 5-6 rakes every day for coal dispatch. It is understood that SWPL is loading 4-5 rakes everyday. That means only a single rake is available today. From the rail route, the 27 km ghat section restricts the rail movement towards south of Madgaon in south western rail routes. In that case, it is not clear how the cargo is going to be cleared in view of insufficient rakes.	It has referred to its previous submissions for rail rake availability in this regard.
(vi).	Wagon Loading Facility: After seeing the site and adjoining SWPL facility, it is understood that the rail wagon facility will have difficulties like shorter length, depends upon single feeding line, old and dilapidated rail engines of MOPT, manual signals and old track systems, etc. This needs a major reconstruction at MOPT side. Also, it is not clear whether the terminal operator has to link his line with SWPL at any point of time, or it will be a closed circuit. If in the area given near proposed rail yard, four lines are constructed, the cargo storage area will be reduced considerably. In that case, the storage capacity will be further reduced.	Wagon loading facility issue has been addressed suitably in the Feasibility Report. A proper layout has been made in the Feasibility report for coal terminal. For fixing the tariff cap as per the norms it has relied totally on guidelines.
(vii).	Tariff fixation: As per the guidelines, tariff has to be prescribed with reference to the optimal capacity of the terminal irrespective of any traffic forecast. Any port / terminal's optimum capacity totally depends upon the evacuation capacity. Hence, this has to be answered only when the port is ready with the bridge and the updated railway lines for easy evacuation.	It agrees that terminal's optimal capacity is dependent upon evacuation capacity. The scheduled date of completion of the bridge is 2010 and railways are looking at the horizon of 5 to 7 years for increasing the capacity of Goa - Karnataka section. In the meanwhile, Konkan Railways is also aggressively targetting cargo operations. Hence the capacity of Konkan Railways will also get added to the capacity of South Western Railway.
(viii).	Berth hire charges: Is the proposed berth hire charge related to the unloading efficiency? If for any reasons the unloading efficiency is below the norms, whether the terminal operator will share any discount? This is not clear.	Berth Hire charges are calculated to recover the cost of construction of berth. As per the norms, Berth Hire Charge is definitely related to unloading rate. There is no option of sharing or giving any discount in the norms.
(ix).	Handy size and Handy max vessels: Can the operator use ship cranes when handy max vessels and handy size vessels are brought to the terminal. If so, whether they are bound to use the dock yard labours (Union?). This is not clear.	The issue of using ships own cranes and private labour is not covered in norms/Guidelines of 2008.
(x).	Coal Yard: The model of coal yard and stack area given are really impressive and photogenic. This may be fantastic for stacking only one type of cargo or for single customers. Understood from the model that there will be number of customers with small lots, cargo will have to stored in small lots. Then the	The issue of stack yard efficiency has been covered in the previous paragraphs.

	advantage whatever is described is beyond imagination. Hence, the calculation for storage capacity which is ultimately used for fixing the tariff needs to be re-looked.	
(xi).	Repairs and Maintenance: This cost is estimated at 7% on mechanical cost. Whereas the repairs cost has to be 1% on civil and 2% on mechanical cost.	Repairs and Maintenance have been taken exactly as per the norms laid out in the guidelines.
(xii).	Coal Handling rate: Even though the proposed handling rate of Rs.221.55 per tonne will not cater the required economic parameters for the terminal operator, the another question is whether the market will bear it? It is understood from the local importers that they are paying about Rs.135 to 160 per MT for unloading the coal from vessel and loading into rakes / lorries.	The tariff cap has been proposed as per the guidelines of 2008.
(xiii).	Berth hire charges: The proposed berth hire of Re.0.48 per GRT comes to 0.27 cents per day per GRT when converted into dollar denomination. To handle capesize and panamax vessels, the rates are much lower when compared to market rates.	Going by the response received for the bids, the port is confident that the market will bear the cost at the proposed rate. Berth Hire charges is proposed to be denominated in Indian Rupee to avoid foreign exchange risk.
5.	M/s. Jindal Vijayanagar Steel Limited	
(i).	The proposal seems to be made in hurry, lacks in number of ways. In many places it compares with the present operator, M/s. South West Port Limited (SWPL) for its mechanised handling, whereas it has to be very clear that SWPL does not handle any road bound cargo and hence the magical figures of 30 times turnover ratio cannot be applied to a terminal which is going to operate with road cargo.	The port has considered the plot turnover ratio as 17. The norms prescribe 12 times turnover and based upon the constraints in the new coal terminal; it has arrived at 17 as an optimal figure.
(ii).	Also, the evacuation speed and rail rake availability is to be seen. As the largest customer of SWPL, for its own interest, it arranges the rail rakes through systematic and a dedicated team to see that its cargo is evacuated with five days from the date of arrival. This also includes the highest co-operation and help extended by the South Western Railway Authorities. Can a new customer coming to berth establish such a rapport within a short time?	JSW has made a conjecture that new customers will not be able to establish business relations with railways. The port does not want to comment on this.
(iii).	Cape size and Channel: (a). The port's channel, today is about 14 meters deep. The MOPT have floated a tender for studying the increase of draft to 15 meters. It is still in drawing board level. Hence to bring cape size, which needs 15 meters draft is beyond question. (b). Next the port envisages that partly loaded cape sizes will come to the terminal. In today's market condition, there is not much variation in ocean freight for partly loaded cape size and fully loaded case size. It is the importer who has to bear the costs. Hence even though the facility will be open for partly loaded case-sizes, it may not bring any cost efficiency to the users.	(a). When a new terminal is designed for a time horizon of 50 years, we have to be futuristic rather than looking at the project with blinkered vision. In our understanding all Indian Major Ports are going to deepen their channels over the next 10 years. Mormugao Port Trust has a proposal for capital dredging to deepen the channel beyond 14.5 mts. It would be imprudent to limit the new terminal to handle only smaller vessels when the future is shifting rapidly towards big size vessels. (b). Partially loaded cape size vessels is not a conjuncture but a reality. With deep draft Ports coming on both East and West coasts in public as well as private sectors, it is easily possible that a cape size vessel discharges its first consignment at, for instance Mundra Port and second half at Mormugao Port. We are already witnessing this trend in liquid products. With rapid expansion of

		power plants in the country, it is justified to assume that over the next 10 years fully laden cape size vessels will be bringing coal to India and they will discharge at multiple ports depending upon the location of power generation plants.
(iv).	The market: The port authorities say that the Karnataka belt is having iron ore and is potential area to ask for coal. This is accepted. But how they are going to dispatch the coal to Karnataka? The total rail and road moving through various Ghat sections are already fully occupied due to iron ore movement and of course its coal cargo. It does not envisage any sign of major improvement in rail yards, hence 5 rakes per day scene may change to say, 6 rakes per day. That's all. With only one rake at spare, the berth-7 terminal operator may not expect rail bound cargo for more than one million.	The railway capacity between Goa and Karnataka is increasing. With the adoption of WDG4 locomotives South Western Railways has straight away reduced the need for breaking a rake into two parts while traveling in ghat section. This has increased the turnaround of rakes and thereby the capacity in Goa - Karnataka corridor. Further, the Konkan Railway is aggressively targeting cargo operations. The proposed investment by Indian Railway in increasing the capacity of Goa - Karnataka corridor is likely to materialize over the next 5 to 7 years. Hence the contention of JSW that Berth 7 terminal operator may not accept rail borne cargo for more than 1 million tons does not have merit.
(v).	The Vasco and Road: Understood from various legal journals and magazines that the 'Save Vasco Committee' is pitching very strongly against the coal movement inside Vasco. To overcome this, the port authorities are planning for a long over head bridge to link with NH-7. This plan is initiated some ten years back but still not progressing much because of various land and other related issues. If this bridge is not coming, then there is no way the road bound cargo can move. Hence the port authorities must give a firm commitment of when this particular bridge will be operational, accordingly the bidder can plan for his cargo movement.	As already mentioned earlier, the port is investing about Rs.50 crores to construct flyover and four lane road. The work is scheduled to be completed by end of 2010.
(vi).	Unloading Efficiency: The unloading efficiency of 50,000 tonnes/day for capsizes etc. are at a very high level. It is understood that only Ennore Port has achieved about 32000 tonnes/day that too for a dedicated customer (TNEB) with unloaders, conveyors and a huge storage area. In the instant project, there is already a question on storage area, also it is with road bound cargo. In this circumstance the unloading efficiency beyond say 50% of capacity is not achievable. Due to lack of storage area and evacuation failure, the ships have to stand for more time, high demurrage and other related costs. Will the terminal operator bear? Or if the unloading efficiency is below the norms set here, then will there be any reduction in berth hire rates? These points are not clear.	The unloading rates are as per the norms set by the Government in guidelines issued for fixation of upfront tariff.
(vii).	The construction costs: The civil costs mentioned by the port need a re-look as it seems to be well underestimated. Today's cost of civil construction is above Rs.3000 per sq.mtr. for heavy construction like jetties. And in many places they have quoted that the information was of a verbal source. The TAMP is not going to depend upon a verbal source as valid evidence. The shop unloader recently ordered by it	It is agreed that the construction costs are increasing on a daily basis. The figures given in the proposal are based upon the rates as prevalent in the year i.e. early 2008. All the estimates are based upon either a budgetary quote or a recent purchase/construction. It has, however, requested TAMP to allow upward revision of civil construction cost as well as equipment cost looking at the recent

	costs about Rs.40 crores plus Customs and other related taxes. So the landing cost is around Rs.51 crores.	escalation in prices.
(viii).	The rate for coal handling: As per the application, the port estimates the tariff for handling charges at Rs.221.55 per tonne. The just next door operator, SWPL is offering the same service at Rs.101 per MT. With such a huge gap, SWPL will also pitch for rate hike in near future which will affect all the coal importers of the port.	There is a contradiction in the submissions made by JSW. On one hand JSW says that capital expenditure is under-estimated and on the other it contends that tariff is very high. For a tariff proposal based upon normative cost, the contention of JSW is untenable.
(ix).	During the tariff fixation meeting of SWPL during 2006, the increase of 25% or so proposed by SWPL was vehemently denied by almost by all the coal importers. That was for Rs.95 + 25% = about Rs.120. But now in the same port, for the same operation, can importer be charged twice the rate which was refused two years before?	SWPL constructed its terminal in an era of very low interest rates and low national as well as international prices of cement and steel. The new terminal will come up in a period when interest rates are hovering at 12% p.a., steel and cement prices have shot through the roof and fuel prices are breaking all records.
(x).	To summarise, if the new terminal comes with the proposed rates, it will definitely disturb the prevailing rates and thereby the economies of the coal importer.	It has again emphasised that tariff cap is based upon the norms set in the guidelines of 2008. Going by the rapidly increasing construction and equipment costs, it might actually have to give a revised proposal for tariff higher than Rs.225/-.
6.	Goa Chamber of Commerce and Industry	
(i).	The guidelines for upfront tariff for setting PPP projects require the port trust concerned to approach TAMP with its proposal for fixing tariff caps and shall include the tariff caps so fixed in the bid document as upfront tariff.	The Goa Chamber of Commerce and Industry has endorsed its tariff cap proposal after going through the guidelines for upfront tariff setting. It has thanked the Goa Chamber of Commerce and Industry for supporting its proposal.
(ii).	The port has stated that it has followed the normative cost approach plus 16% return on capital employed as per the guidelines for arriving at the proposed upfront tariff.	
(iii).	As the proposal of MOPT is to notify the tariff caps for use by the bidders for all coal import terminals to be developed under PPP, the same may be considered for approval.	
7.	M/s.Maytas Infra Assets Limited	
(i).	It has furnished its comments on the upfront tariff guidelines and also on the norms prescribed in the guidelines on container terminal, Iron ore terminal, Coal terminal, Liquid bulk terminal, etc. Since the proposal under consideration is for fixing upfront tariff cap for coal terminal, the submission made by the bidder on Annex-III of the guidelines pertaining to coal terminal is highlighted here: (a). The reasons for prescribing a low percentage of 5% for "miscellaneous costs" under Table 3 for calculating norms for estimation of capital cost may be reviewed. (b). "Mobile Hopper", "Quay Side Cranes" and "Drive Houses" may also be included in the terminal equipment list. (c). Electronic Weighers with full automation facilities must be prepared for ensuring accuracy of weighments and billing. (d). Basic design criteria for coal have not been specified in the norms. The following characteristics for the coal must be specified in the norms viz. coal type, coal density, permissible	(i). (a) to (c): It has not furnished any specific comments on the points made by M/s.Maytas Infra Assets Limited. It has, however, stated that miscellaneous charges should be properly defined. As per the guidelines it is not possible to point out exactly which services will be covered within 1% appropriation towards Miscellaneous charges. Hence we recommend that a composite cargo handling rate be fixed and all other services to be charged separately in consultation with TAMP. (d). Optimal Capacity calculations have been done as per the norms set in the guidelines. In case TAMP feels that the norms need to be revised, it may consider revision and notification for the

	maximum moisture content, lump size, Angle of Repose for Stacking, Surcharge, Number of Coal grades permissible, Stipulations regarding Coal mixing, Maximum permissible wagon carrying capacity, maximum number of wagons / rake, wagon length, engine length and maximum permissible wagon loading rate.	guidance of all the Ports.
(ii).	It has furnished following comments with reference to the proposal of the MOPT. (a). While MOPT has followed essentially the provisions of the TAMP guidelines for determining the various operational parameters of the proposed coal terminal, the rationale extended by the port trust for deviating from some of the norms appears to be quite reasonable, since MOPT's methodology is based on practical experience gained from an existing coal import facility i.e. Southwest Port Limited (SWPL). The first deviation is on the quantity of coal that can be stacked per square metre area. MOPT's figure of 4.5 tonnes / square metre appears to be correct as per their calculations attached, compared to 3 tonnes / square metre fixed by TAMP. (b). The second deviation is in respect of the calculation of optimal stack yard capacity in relation to the turnover ratio of the storage plot which MOPT has assumed as 17 instead of 12 prescribed by TAMP. In modern privately operated coal terminals, even 20 would be ok, considering that SWPL achieved turnover ratios of 25.6 -26.3 during 2006-07 and 2007-08 respectively. Therefore, the submissions of MOPT appear to be in order. (c). The details furnished by MOPT in the civil construction cost appear to be rather sketchy.	(a) and (b). It has thanked Maytas for stating that the deviations adopted by MPT are quite reasonable. The methodology adopted by it is based upon the practical experience gained from existing coal import facility. Maytas has endorsed its assumption about the quantity of coal that may be stacked per sq. mtr. area and turnover ratio. (c). The civil construction cost is based upon the latest market rates.
8.	M/s. Aparant Iron and Steel Private Limited	
(i).	The port should consider the established norms prescribed by competent authorities for calculation of capacities with respect to coal storage and turnover ratio. Using South West Port Limited's (SWPL) norms as the basis for coal storage and turnover ratio is not correct. SWPL's working experience and the figures achieved are because they are presently having a lot of advantageous position with respect to turnover ratio and also stacking norms as can be seen from the following points: (a). SWPL is handling almost exclusively, the coal shipments for Jindal's plant based in Hospet. Due to higher import volumes railways are giving preference allotment for wagons to Jindal. Therefore the turnover ratios are higher. (b). SWPL is achieving higher stacking figures also since premises are used by Jindal exclusively, and they can stack the plot to the brim since there is no other party using the terminal most of the time.	The turnover ratio of 17 and stacking of 4.5 tonnes of coal per sq. mtr. as against the norms of 12 and 3 tonnes respectively, considered by us for tariff calculations is reasonable. However, the port has no objection in reconsidering these figures as per norms. The quay capacity has been worked out as 8.8 million tonnes and stackyard capacity of 3.75 million tonnes.
(ii).	The proposal does not explain about the design capacity of the equipment, whether it is designed to	No comments furnished.

	have 3.5 MTPA or 8.5 MTPA. Since major cost contributing factor of capital investment is on equipment, this points needs to be clarified by the MOPT.	
(iii).	Overall turnover considered by the port is much higher as against existing current norms operating in the port.	No comments furnished.
(iv).	With the new berth terminal coming in place, the number of vessels arriving at the port will increase. MOPT may study this condition and share the information regarding study with present users of the port.	No comments furnished.
9.	Larsen and Toubro Limited	
(i).	Miscellaneous Cost: The norms for calculation of capital cost capture the miscellaneous cost at 5% of civil and equipment cost. The definition of miscellaneous cost includes pollution control, fire fighting, upfront payment, Interest During Construction (IDC), working capital margin, miscellaneous equipment, power supply, lighting etc. Generally projects of this nature are traditionally funded through a mix of debt / equity around 2:1 (67:33). The drawal of debt is linked with the progress of construction works which takes around 24 to 30 months depending upon project. With the prevailing interest rates around 12 to 14%, the IDC component itself will work out to 8 to 10% of civil and equipment cost. Apart from this provision has to be kept for working capital margin, miscellaneous equipments, power supply, lighting etc., Hence the assumption of 5% towards miscellaneous cost is grossly inadequate and may please be revisited and revised upwards.	The calculation by it is as per the norms.
(ii).	Stack Yard estimate: While estimating the capacity of stack yard, 70% of stack yard is assumed to be used of the available 100,000 square metres of stack yard. Whereas in the calculation of civil construction cost of the stack yard, the percentage of the area to be reclaimed is shown as 40%. It is assumed that the balance 30% of the land is already available (duly reclaimed).	For any new project at Mormugao Port, part of the land has to be made available through reclamation. For the normative tariff calculations for coal berth 40% has been considered for the reclamation area.
(iii).	Rail Tracks: Does the estimate of rail track include cost of formation for rail tracks ?	Yes, rail track laying has been considered in the estimate.
(iv).	Cost of building, road, water supply: Unit rates for buildings, roads, etc. is grossly below the market rates. Also, the size / quantum assumed for estimating roads and building cost looks inadequate. These cost items need to be reviewed.	These figures are reasonable.
(v).	Electrical switchgear and control panels: Estimate for provisions of electrical switchgear and control panels appears to be inadequate. This may be reviewed.	These figures are reasonable. Breakup has also been furnished.
(vi).	Norms for operating cost: The project is structured with revenue sharing concept where-in the selected concessionaire will	This is a policy decision by the Government.

	share the quoted revenue with the respective port trust. Invariably revenue sharing becomes expenditure while doing the viability assessment in the business model. TAMP may assume a fixed % for the purpose of calculating the revenue and fix the tariff. Hence, it is requested that revenue sharing may be treated as part of the operating cost while arriving at the upfront tariff.	
(vii).	Norms for operating cost: The cost of owning or hiring a locomotive is not captured in the operating and maintenance cost which needs to be reviewed.	We have adopted the present practice being followed wherein the locomotives are supplied by the Railways.
(viii).	Rate of return on capital employed: Rate of return on capital employed is assumed at 16%. In the present context, the cost of debt itself is more than 12 to 13% for infrastructure projects. Hence, the return on capital employed, assumed at 16% may be revisited and revised upwards.	This is as per norms.
(ix).	Indexing for inflation: Indexing for inflation has been pegged at 60% linking with WPI. Tariff may be revised 100% linked with WPI.	This is as per norms.
(x).	Reclamation of Water Front area: The scope of work defined by MOPT in the request for qualification documents issued warrants the concessionaire to do reclamation of water front area (approximately 30000 sqm). The above is neither captured in the costs. This needs to be reviewed.	The proposal is for fixing the normative cost and is not project specific.
(xi).	Cost of construction of berth: The cost of construction of berth is assumed at Rs.55,000 per square metre. The rate assumed per square metre is far below the prevailing market rates. This may be reviewed. While the construction / development is proposed to be done by the concessionaire at their cost, relevant escalation for costs may be considered on the civil and equipment cost till the completion of the project, which shall include validity period for the bid proposal, period for achieving financial closure and the construction period.	The construction cost has been worked out by considering the cost prevalent at Mormugao Port. Price escalation during construction is not relevant for this exercise.
10.	M/s. Lanco Infratech Limited	
(i).	The land proposed to be leased for stackyard has been estimated at 1,00,000 sq. mtr. Within this land for the rail wagon terminal, truck wagon terminal and equipment tracks are to be located. The area available would be around 70,000 sq. mtr. 70% of this area would be around 50,000 sq. mtr. Considering 4.5. tones per sq. mtr. as unit storage load and a stack height of 12, the capacity would work out to be $50,000 \times 4.5 \times 12 \times 7 = 1.32$ million tonnes, (with a turnover ratio of 12) and it would be 1.87 million tones with a turnover ratio of 17. This also is with the assumption that wagon and truck loading area is not part of the land to be leased and also considering that the land for laying railway tracks for wagon loading and parking area for truck loading would be available beyond the 1,00 000 sq. mtr. free of rent basis. Hence it is desirable to have a relook at the optimum stackyard capacity.	The calculation of yard capacity by the MOPT is as per norms.

(ii).	When we consider 17 as turnover ratio there should be a provision of penal land rent for longer dwell time of cargo (say beyond 20 days) and it should find place in the upfront tariff.	This is a policy decision matter.
(iii).	The construction cost assessed by port seems to be very low and has to be recasted considering the recent trend of escalation of construction materials and steep rise in steel prices and the actual cost of creating the facility would be much very higher.	The construction cost worked out while submitting the proposal is reasonable. It has no objection in revising the estimates considering subsequent price rise.
(iv).	The estimated cost of constructing stackyard at Rs.100 per sq. mtr. is very low. The unit cost of construction of berth as well as berth apron area are also very low.	The stackyard is to be made on the existing land area which is leveled. The cost is reasonable.
(v).	The estimated cost of conveyor galleries, transfer tower and wagon and truck loading station is found to be very low.	These costs have been worked out considering market rates and are reasonable.
(vi).	The miscellaneous cost is estimated at 5% of civil and equipment cost. The amount on this account includes provision for pollution control equipment like dust suppression system and other environmental protection equipment. Since Goa is environmentally sensitive area, investments on pollution control system is to be considered higher.	The estimation made by the port is as per norms.
(vii).	The calculation of berth hire cost has been made on the basis of Rs. 55,000 per sq.mtr. which appears to be very low.	The construction cost worked out while submitting the proposal is reasonable. It has no objection in revising the estimation considering subsequent price rise.
(viii).	The provision on electrical works also appears to be very low.	These costs have been worked out considering market rates and are reasonable.
11.	IMC Limited	
(i).	Estimation of optimal quay capacity: In the calculations for optimal quay capacity, the ship day output for capesize, panamax and handimax vessels is considered based on 365 days of operation. It is not clear whether the time required for berthing, de-berthing, delays and detention, inclement weather conditions, downtime due to equipment failure and downtime due to berth maintenance is considered. It is suggested that the above factors must also be considered while arriving at the optimal capacity utilisation.	Calculation of optimal quay capacity is done based on the norms fixed by the TAMP for upfront tariff fixation. Even though the entire calculation is based on 365 days operations, there is a factor of 70% in the formula which takes care of delays and detentions. Therefore, in our opinion calculations of quay capacity is in order as per the norms fixed.
(ii).	Estimation of optimal yard capacity: (a). The quantity of coal that can be stacked per square meter is assumed at 4.5 tonnes per sq. mtr. instead of 3 tonnes per sq. mtr. prescribed in the guidelines. The proposed berth no.7 is a common-user berth and multiple users are expected to handle different varieties of coal. In view of this, maximum stacking may not be possible and it would be difficult to achieve the value of 4.5 tonnes per sq. mtr. of area. It is suggested that a more conservative value, as applicable to similar multi-user terminals may be adopted. (b). The assumed turnover ratio is 17, as against the prescribed norm of 12. SWPL terminal is pre-dominantly captive user. It	(a). Quantity of coal that can be stacked per square meter was discussed during hearing by TAMP held at Goa on 14 July 2008 and clarifications for our variation have been furnished. However in case TAMP feels that this deviation is not in order, the same is acceptable to the port. Prospective Bidders and Users do not seem very comfortable with port adopting 4.5. tonnes per sq.mt. Perhaps TAMP may like to consider the prescribed stacking norm of 3 tones per sq.mtr. (b).Turnover norm of 12 times per year was also discussed during hearing on 14 July 2008. The variations of 17 times per year has already been explained. However, in case TAMP feels that this

	is, therefore, suggested that the turnover ratio should be with reference to similar multi-user terminals at other ports.	deviation is not in order, the same is acceptable to the port. TAMP may adopt the prescribed turnover of 12 times.
(iii).	Civil Construction Cost: Certain project items such as wagon and truck loading station, cost per ship unloader, etc., are based on verbal inquiries from SWPL. It is not clear whether the price data provided by SWPL pertains to the present date or the date when they made the purchase. It may be ensured that the estimations are based on current price levels including applicable taxes.	As far as project items are concerned, the port had taken data in respect of storage and turn-over from SWPL. However, cost of the equipments was primarily taken from budgetary quotes and market enquiries made by the port.
(iv).	Estimation of Miscellaneous Cost: The allocation of 5% of civil and equipment cost for the items under this head such as pollution control, fire protection system, upfront payment, interest during construction, etc., seems to be on the lower. For instance, the current regime of high interest rates would certainly push up the interest during construction.	The allocation of 5% of Civil and Equipment Cost is as per the norms fixed by the Ministry and the same have been considered.
(v).	To summarise, it has made the following suggestions: (a). The cost for distinct items such as pollution control equipment and fire protection system may be included separately based on actual costs. (b). Upfront payment and interest during construction must be calculated and included separately. (c). There must be a separate provision in the project cost (usually 5% of the capital cost) for contingencies to provide for variations in costs at the time of execution of the project.	We have no comments on the suggestions with regard to Miscellaneous cost.
12.	The Metal and Mineral Trading Corporation Limited	
	Since the Metal and Mineral Trading Corporation Limited, Goa office does not handle any coal from the MOPT, it does not have any comments to offer.	No comments.

2. A joint hearing in this case was held on 14 July 2008 at the MOPT premises. The MOPT made a powerpoint presentation of its proposal. At the joint hearing, MOPT and the concerned users / user associations have made the following submissions:

Mormugao Port Trust

- (i). Our proposal is based on the guidelines issued by TAMP.
- (ii). The storage space is 1 lakh sq.mt. If the terminal operator brings in modern technology, the utilisation can be improved above the levels considered by us. The capital cost of this technology is not factored in the calculation given by us.
- (iii). Two variations from the norms proposed by us are with reference to stack height and plot turnover ratio. We have given justifications in this regard in the proposal.
- (iv). Cost of machineries is based on budget quotations and cost of civil structure based on updated cost estimates.

Goa Chamber of Commerce and Industry

- (i). We welcome the initiative taken by the port to create more cargo handling facilities. We endorse the proposal.

Mormugao Port Users Association

- (i). (a). Stack height will vary from commodity to commodity and depends on number of users of the terminal.
- (b). SWPL performance can't be the benchmark as that terminal is predominantly single user.
- (ii). It is doubtful whether the technology to improve utilisation, which is referred by the port, is available at this juncture. We don't say turnover of 17 is impossible but it is very difficult because of the physical constraints at MOPT.

M/s. Lanco Infratech Limited

- (i). The stacking area of 1 lakh sq.mt. means the effective area for storage will be even lower. Please recognise.
- (ii). The capital cost estimate for berth appears to be low.

M/s.Vadinar Oil Terminal Limited

- (i). The project will be completed 2 years down the line and the completion cost will be higher.
- (ii). Indexation should be allowed at 100%.

Larsen and Toubro Limited

- (i). Interest cost should be recognised in Operation and Maintenance cost.
- (ii). The margin of 5% in capital cost including IDC is inadequate.
- (iii). Please revise vessel traffic considering 30% Handymax vessel.

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