(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

G.No.78 **New Delhi,** **26 February 2019**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from New Mangalore Port Trust (NMPT) for fixation of Reference Tariff for Mechanization of Berth No.14 for handling containers and other clean cargo on Design, Build, Finance, Operate and Transfer (DBFOT) basis at NMPT under the revised guidelines for Determination of Tariff for Projects at Major Ports, 2013, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/69/2018-NMPT

New Mangalore Port Trust - - - **Applicant**

QUORUM

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

O R D E R

(Passed on this 18th day of January 2019)

This case relates to the proposal received from New Mangalore Port Trust (NMPT) for seeking approval of Reference Tariff for Mechanization of Berth No.14 for handling containers and other clean cargo on Design, Build, Finance, Operate and Transfer (DBFOT) basis at NMPT.

2. This Authority had earlier passed an Order No.TAMP/56/2016-KPT dated 04 January 2017 fixing reference tariff under Tariff Guidelines, 2013 following normative approach for development of container terminal and for handling other cargo at berth no.8 on Public Private Partnership (PPP) mode at NMPT for a period of 30 years based on the proposal filed by the NMPT. The Order dated 04 January 2017 was notified in the Gazette of India on 01 March 2017 vide Gazette No.84.

3. The NMPT has vide its letter dated 11 September 2018 again come up with a proposal for the same project. The reason for filing proposal and main submissions made by the NMPT in the proposal are summarized below:

(i). (a). TAMP had earlier notified tariff for development of container terminal and for handling other Cargo at berth no.8 on PPP mode at NMPT vide Gazette No.84 dated 01 March 2017. However, the port authority have decided to go for a fresh proposal for Mechanization of Berth No.14 for handling of Containers and Other Clean Cargo at NMPT on PPP mode based on 2008 guidelines because of change in Project cost and equipment minimum capital expenditure has been envisaged for the Other Clean Cargo.

(b). Since the project envisages handling of different commodities i.e. Container Cargo and Other Clean Cargo, the norms prescribed for a multipurpose berth appear to be more relevant. However, the NMPT proposed to adopt two different set of norms (one set relating to Container terminal for handling Container Cargo and another set relating to multipurpose berth for handling Other Cargo) instead of the norms prescribed for the multipurpose berth. By following this norm, the NMPT would achieve better handling rates for Container Cargo and Other Cargo than the handling rates for the same cargo prescribed in the norms relating to multipurpose berth. Further, since the major cargo of Containers is proposed to be handled through Harbour Mobile Crane (MHC), adoption of the norms prescribed in the Guidelines relating to Container Cargo Terminal is found to be more appropriate.

(c). The project will be taken up in two phases: Phase 1 in 2020 and Phase II within 18 months of achieving 1.80 lakh TEUs or within 7 years of commencement of commercial operation of Phase I whichever is earlier. A Detailed Project Report for the project has been carried out on the basis of traffic analysis and technical assessment.

(d). India has been witnessing a consistently robust growth in the container traffic in the last few years (CAGR-6.9%). Increasing container penetration in India, change in international trade routes and increased industrial investments in the primary and secondary hinterland are expected to drive the demand for Container Cargo. As per the DPR, captive traffic potential in the hinterland of Karnataka is estimated to drive demand of at least 140,000 TEUs of containers.

(e). Berth No.14 is a deep draft and multipurpose berth operated by the Port for handling various commodities like dry bulk and general cargo. The berth has a length of 350 metres, width of 35 metres, draft of 13.8 metres, and depth of 15.1 metres.

(f). It is estimated that the expected traffic for Container Cargo in the first year shall be 140,000 TEUs, while that for Other Cargo shall be 0.64 MTPA. Based on these expected traffic, the share of cargo between Container Cargo and Other Clean Cargo comes to 75%:25%.

(ii). **Estimation of Optimal Capacity**:

(a). Optimal capacity of the terminal has been determined taking into consideration various components of the facility that will be required to be created, equipment and plant and machinery to be provided, productivity levels and utilization levels, as per the norms prescribed. Tariff shall be prescribed with reference to the optimal capacity of the terminal irrespective of any traffic forecast.

The optimal capacity of the terminal is reckoned as the lower value of the optimal quay capacity or optimal yard capacity, which has been calculated separately for Container Cargo and Other Clean Cargo.

(b). Container Cargo:

Generally, the handling capacity of Container Cargo terminal is calculated in terms of number of Twenty-Feet Equivalent containers (TEUs). However, to convert the same in tonnes, a factor of 15 tonnes per TEU has been used. This factor was derived from the data on Commodity-wise Traffic Handled at Major Ports provided in the Update on Indian Port Sector published on 31.03.2016 by Transport Research Wing, Ministry of Road Transport & Highways, Government of India.

(i). Estimation of Optimal Quay Capacity:

Out of the Total berth length of 350 m, as per the norms, three MHCs are envisaged. Due to constraint in storage yard and the limitation of yard capacity, NMPT proposes only 2 MHCs in phase I (2020). The capacity of the berth is proposed to be kept with the minimum requirements in order to minimize the capital cost of the project, to optimize the productivity and minimize rate per TEU to be handled at the NMPT in comparison with other neighbouring ports. Similar proposal has been accepted by TAMP in its Order for fixation of Tariff for Container Terminal at NMPT (Case No.TAMP/56/2016-NMPT dated 01-03-2017). The optimal quay capacity for container handling is assessed as follows:

A = Number of gantry cranes deployed for work in an year (Harbour Mobile Cranes)	2 nos.
B = Number of working hours of gantry cranes in an year	8,760hrs (24 hrs x 365 days)
C = Average number of moves per gantry crane	20 nos.
D = TEU ratio	1.3
E = 70%	70%
Share of Container Cargo	75%
Thus, Optimal Quay Capacity = (A * B * C * D * E)*75%	2,39,148 TEUs

Based on the above, the Optimum Quay Capacity for Container Cargo is calculated to 2,39,148 TEUs. Further, in terms of tonnage handled, the Optimum Quay Capacity for Container Cargo is 3.59 MTPA.

(ii). Estimation of optimal yard capacity:

The total backup area available for Phase I is 6.5 hectares.

Total Area	Ha	6.5
G = Total ground slot	TEUs per Ha	720
H = Average Stack height	ratio	2.5
P = Period in No. of days	days	365
S = Surge factor	ratio	1.3
D = Average Dwell Time*	days	7
Thus, Optimal Yard Capacity = 0.7 * (G * H * P) / (S * D)	TEUs	3,28,500

* Average of 4 days for full containers & 10 days for empty containers.

Hence, the Total Optimal Yard Capacity for Container Cargo is 3,28,500 TEUs. Further, in terms of tonnage handled, the Optimum Yard Capacity for Container Cargo is 4.93 MTPA.

(c). Other Cargo:

Calculation of Optimum Capacity for Other Clean Cargo:
The parcel size as per DPR is 45000 Tonnes.
Share of Cargo = 25%
P1 = Handling rate per day of vessel =10000 TPD
S1 = Percentage Share of Cargo =100%
Optimum Quay Capacity = 0.7 * (S1/100) * P1 * 365*25%
= 0.64 MTPA
As shown above, the optimal quay capacity for Other Cargo is estimated to be 0.64 MTPA.

(d). Optimal Terminal Capacity:

As per the Guidelines of 2008, optimal terminal capacity is the lower value of the optimal quay capacity or optimal yard capacity. According to the calculations undertaken in the earlier sections, optimal capacity is determined as below:

Parameters	Container Cargo		Other Cargo	Total
Quay Capacity	2,39,148TEUs	3.59 MTPA	0.64 MTPA	
Yard Capacity	3,28,500 TEUs	4.93 MTPA	NA	
Optimal Capacity	2,39,148 TEUs	3.59 MTPA	0.64 MTPA	4.23 MTPA

(iii). **Capital Cost:**

(a). **For Container Cargo:**
The Estimated Capital cost for Container Cargo Handling Facilities are given below: **(₹ in crores)**

Particulars	Units Nos.	Amount
Civil Construction cost		
Civil Works		7.36
Utilities		1.00
Subtotal		8.36
Container Handling equipment		
Harbour Mobile Crane (HMC)	2	54.00
Reach Stacker	6	21.00
Empty Container Handler	1	2.60
Subtotal		77.60
IT System/ Instrumentation Cost		1.72

(2% of civil construction and container handling equipment cost)		
Other Cost including PMC and contingency (10% of civil construction and container handling equipment cost)		8.77
Operative and Financing Charges		2.86
Interest During Construction		4.23
Grand Total		**103.54**

(b). **For Other Clean Cargo:**
The estimated cost for developing handling facilities for Other Cargo is shown in the table below: **(₹ in crores)**

Particulars	Amount
Civil Construction cost	0.00
Container Handling equipment	
Harbour Mobile Crane (2 nos.)	18.00
Mobile Hoppers (2 nos.)	1.00
IT System/ Instrumentation Cost	0.38
Subtotal	19.00
Miscellaneous Cost (10% of civil and equipment cost)	1.94
Grand Total	**21.32**

(c). The total estimated cost for developing handling facilities for container cargo and Other Cargo is shown in the table below: **(₹ in crores)**

Type of Cargo	Total Estimated Capital Cost
Container Cargo	103.54
Other Cargo	21.32
Total	**124.86**

(iv). **<u>Operating cost:</u>**

(a). For Container Cargo:
Calculation of Operating cost for Container Cargo:

(₹ in crores)

Sr. No.	Particulars	Amount	Unit
(i).	**Power Costs**		
(a).	Power consumption	8.00	KWH/ TEU
(b).	Cost per Unit (KWH)	10.00	₹ / Unit
(c).	Cost of Electrical energy	**1.91**	₹ Crores
(ii).	**Fuel Costs**		
(a).	Cost per Unit (Litre)	67.00	₹ / KWh
(b).	Fuel Cost = Fuel Consumption Norm x Fuel Rate x Optimal Capacity	6.41	₹ Crores
(c).	Additional Fuel for MHC (4000 hrs @ 70 litres per hour/crane)	2.81	₹ Crores
(d).	Total Fuel Cost	**9.22**	₹ Crores
(iii).	**Hire Cost for Trucks**		
(a).	Hire Cost for Trucks	**3.83**	₹ Crores
(iv).	**Repair & Maintenance Costs**		
(a).	Civil Assets (1% on civil work)	**0.08**	₹ Crores
(b).	Mechanical & Electrical Equipment including spares (2% on equipment cost)	**1.59**	₹ Crores
(v).	**Insurance Costs**		
(a).	Insurance Costs (1% of Gross Fixed Asset Value)	**1.04**	₹ Crores
(vi).	**Depreciation**		
(a).	Civil Work @ 3.17%	**0.30**	₹ Crores
(b).	Mechanical Work @ 9.50%	**8.26**	₹ Crores

(vii).	**License Fee for Land** (rentals for land and other port assets)		
(a).	Licence Fee per month	51.58	₹ per sqm/ month
(b).	Licence Fee for Land	**5.72**	₹ Crores
(viii).	**Other Expenses**		
(a).	Other Expenses towards salaries and overheads (10% on gross fixed assets)	**10.35**	₹ Crores
(ix).	**Total Operating Costs at Optimal Capacity**	**42.30**	**₹ Crores**

(b). <u>Calculation of Operating cost for other clean cargo handling:</u>

(₹ in crores)

Sr. No.	**Particulars**	**Amount**	**Unit**
(i).	**Power Costs**		
(a).	Power Consumption	0.67	kWh / Tonne
(b).	Cost per Unit (KWH)	10.00	₹ / unit
(c).	Total Power Charges	**0.43**	₹ Crores
(ii).	**Fuel Costs**		
(a).	Cost of Fuel	67.00	₹ / Litre
(b).	Fuel Consumption	70.00	Litres / hour / Crane
(c).	Number of Hours	4000.00	Hours
(d).	**Total Fuel Cost**	**0.94**	₹ Crores
(iii).	**Truck Lease Cost**		
(a).	**Lease Cost**	**0.30**	₹ Crores
(iv).	**Repair & Maintenance Costs**		
(a).	Civil Assets (1% on civil work)	**0.00**	₹ Crores
(b).	Mechanical & Electrical Equipment including spares (5% on equipment cost)	**0.39**	₹ Crores
(v).	**Insurance Costs**		
(a).	Insurance Costs (1% of Gross Fixed Asset Value)	**0.21**	₹ Crores
(vi).	**Depreciation**		
(a).	Civil Work @ 3.17%	**0.00**	₹ Crores
(b).	Mechanical Work @ 9.50%	**2.02**	₹ Crores
(vii).	**License Fee for Land**		
(a).	Licence Fee for Land	**0.00**	₹ Crores
(viii).	**Other Expenses**		
(a).	Other Expenses towards salaries and overheads (5% on gross fixed assets)	**1.07**	₹ Crores
(ix).	**Total Operating Costs at Optimal Capacity**	**5.36**	**₹ Crores**

(c). The total estimated operating cost for developing handling facilities for container cargo and other clean cargo is shown in the table below:

(₹ in crores)

Type of Cargo	**Total Estimated operating Cost**
Container Cargo	42.30
Other Clean Cargo	5.36
Total	**47.66**

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

(vi). Accordingly, the revenue requirement estimated by NMPT is as follows:

(a). Annual Revenue Requirement: (**₹ in crores**)

Sl. No.	Particulars	Amount
1.	**For Container Cargo**	
(i).	ROCE @ 16% (₹103.54* 16%)	16.57
(ii).	Operating cost	42.30
(iii).	Total Revenue Requirement	58.87
2.	**For Other Clean Cargo**	
(i).	ROCE @ 16% (₹21.32* 16%)	3.41
(ii).	Operating cost	5.36
(iii).	Total Revenue Requirement	8.77

(b). Apportionment of Revenue Requirement: (**₹ in crores**)

Particulars	For Container Cargo		For Other Clean Cargo	
Total Revenue Requirement	58.57		8.77	
Revenue apportionment for				
Cargo Handling Charges	52.98	90%	8.77	100%
Ground Rent Charges	4.12	7%	0.00	0%
Miscellaneous Charges	1.77	3%	0.00	0%

(vii). The tariff proposed by the NMPT to meet the estimated revenue requirement is as follows:

(a). Container Related Charge:

(i). **Handling Charges:**

(a). Normal & Reefer Containers (Upto 20' length):

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	1,935.98	1,548.78	1,161.59	929.27
2.	From Container yard to Railway flat or vice versa	967.99	967.99	967.99	967.99
3.	From Container yard to Truck or vice versa	290.40	290.40	290.40	290.40

(b). The NMPT has also proposed separate tariff for Normal & Reefer Containers (20' to 40' length), Normal & Reefer Containers (Above 40' length), Hazardous Containers, Transhipment Containers and Over Dimensional Cargo Container.

(ii). **Ground Rent Charges**:

Sr. No.	Particulars	Rate per container per day or part thereof (in ₹)					
		Foreign			Coastal		
		Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length	Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length
1.	Import-loaded						
	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	119.56	239.13	358.69	119.56	239.13	358.69
	9-15 days	239.13	478.26	717.39	239.13	478.26	717.39
	Thereafter	478.26	956.51	1,434.78	478.26	956.51	1,434.78
2.	Export-Loaded						
	First 5 days	Free	Free	Free	Free	Free	Free
	6-8 days	119.56	239.13	358.69	119.56	239.13	358.69
	9-15 days	239.13	478.26	717.39	239.13	478.26	717.39
	Thereafter	478.26	956.51	1,434.78	478.26	956.51	1,434.78
3.	Import / Export – Empty						

	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	119.56	239.13	358.69	119.56	239.13	358.69
	9-15 days	239.13	478.26	717.39	239.13	478.26	717.39
	Thereafter	478.26	956.51	1,434.78	478.26	956.51	1,434.78
4.	Transhipment – Loaded						
	First 15 days	Free	Free	Free	Free	Free	Free
	16-30 days	119.56	239.13	358.69	119.56	239.13	358.69
	Thereafter	239.13	478.26	717.39	239.13	478.26	717.39
5.	Transhipment – Empty						
	First 7 days	Free	Free	Free	Free	Free	Free
	8-15 days	119.56	239.13	358.69	119.56	239.13	358.69
	Thereafter	239.13	478.26	717.39	239.13	478.26	717.39

(iii). **Miscellaneous Charges:**

(a). Reefer Monitoring and Connection:

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Going Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1.	Additional charges per 4 hours or part thereof for electricity consumption and monitoring of reefer containers	198.91	198.91	198.91	198.91

(b). Other Services Rendered:

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Going Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1.	Shifting of containers from one yard to another yard within the terminal for customs inspection or any other Purposes and subsequent loading of Containers for delivery.	964.70	964.70	964.70	964.70
2.	Additional service charges for stacking Containers in designated yard for custom examination or for any other purpose by prior arrangement.	289.41	289.41	289.41	289.41

(c). Opening of Hatch Cover and Replacing it:

Sl. No.	Description	Rate per Hatch Cover (in ₹)	
		Foreign Vessel	Coastal Vessel
		Loaded	Loaded
1.	When placing it on the Quay	3585.80	2315.29
2.	Without placing it on the Quay	1869.73	1121.84

(d). One Hatch to another Hatch or within the Same Hatch:

Sl. No.	Description	Rate per Hatch Cover (in ₹)			
		Foreign Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1.	Hatch to hatch shifting (involving 1 move only)	964.70	964.70	578.82	578.82
2.	Other than (a) mentioned above	3858.80	3858.80	2315.41	2315.41

(b). <u>Other Clean Cargo related charges</u>:

Cargo Handling Charges:

Sl. No.	Commodity	Rate per tonne (in ₹)	
		Foreign	Coastal
1	Handling Charges for - Fertilizer, Limestone, Gypsum, Dolomite	155.99	93.60

(viii). **<u>Performance standard:</u>**

(a). <u>Gross Berth Output:</u>

(i). ***Container Cargo***.

Cargo Category	Indicative Norms
Container	
(Mainline vessel)	(20 moves per hour)
(Feeder vessel)	(13 moves per hour)

(ii). ***Other Clean Cargo:***

Cargo Category	Indicative Norms
Mixed dry bulk cargo - Other Clean Cargo (Fertilizer, Limestone, Gypsum, Dolomite) using ship gear	10,000 T/day

(b). Transit Storage Dwell Time:

Transit Storage Dwell Time	
- Full Container (at terminal)	4 days
- Empty Container (at terminal)	10 days

4. The NMPT has submitted the detailed Project Report, Board Resolution, list of prospective bidders, proposed Scale of Rates and Performance Standards for the said project along with its proposal.

5.1. In accordance with the consultative procedure prescribed, a copy of the proposal of NMPT was forwarded vide our letter dated 21 September 2018 to the concerned users/ user organisations/ prospective bidders (as forwarded by NMPT) seeking their comments. The comments received the users/ user organisations/ prospective bidders were forwarded to NMPT as feedback information. The NMPT has responded to their comments vide its letter dated 17 October 2018.

5.2. The Association of New Mangalore Port Stevedores (ANMPS)) and New Mangalore Port C & F Agents Association (NMPAA) have given their comments. The NMPT has responded.

5.3. The Kanara Chamber of Commerce and Industry (KCCI) has furnished comments. The NMPT has not responded.

6. A joint hearing in this case was held on 29 October 2018 at NMPT premises. The NMPT made a brief Power Point presentation of its proposal. At the joint hearing, the NMPT and the concerned users/ user associations have made their submissions.

7. As agreed at the joint hearing, the NMPT vide our email dated 05 November 2018 was requested to take action on the following points:

(i). At the joint hearing, Association of New Mangalore Port Stevedores (ANMPS), Mangalore Steamer Agents Association (MSAA), Mangalore Custom House Agents Association (MCHAA), New Mangalore Port C & F Agents Association (NMPCFAA) and New Mangalore Port Users Welfare Association (NMPUWA) have furnished their written submission dated 29 October 2018. A copy each of the written submission was forwarded to NMPT for comments / feedback information by 08 November 2018.

(ii). Users/ user associations have objected the proposal of NMPT for handing over Berth No.14 on BOT basis citing that it will adversely impact them. The NMPT to examine the points made by users / user associations and furnish a note by 08 November 2018.

(iii). The main points made by prospective bidders at the Joint hearing are on ground slots considered in optimal yard capacity calculation, tariff for Phase II as well and request NMPT to forward revised calculation in view of points made by them. In view of points made by the prospective bidders, the port may sit with them and relook at its proposal. The port may consider to revise its proposal in view of the points made by the prospective bidders and furnish copy of the revised proposal to

TAMP as well as to the prospective bidders/ users/ user associations in ten days' time i.e. by 08 November 2018.

8.1. With reference to the first point of action referred above, the NMPT has, subsequent to our reminder dated 05 November 2018 furnished its response on written submission dated 29 October 2018 made by Association of New Mangalore Port Stevedores (ANMPS), Mangalore Steamer Agents Association (MSAA), Mangalore Custom House Agents Association (MCHAA), New Mangalore Port C&F Agents Association (NMPCFAA) and New Mangalore Port Users Welfare Association (NMPUWA) vide its letter dated 08 November 2018.

8.2. Further, International Cargo Terminals and Infrastructure Private Limited vide its email dated 26 December 2018 has made further written submissions subsequent to the joint hearing. The NMPT has not responded.

9.1. With reference to the second and third point of action referred above, the NMPT has, subsequent to our reminder dated 05 November 2018 and our letter dated 13 November 2018 to furnish its reply to additional information / clarification sought by us, vide its letter dated 23 November 2018 furnished its response alongwith revised proposal. A summary of additional information / clarification sought by us and reply furnished by NMPT thereon is tabulated below:

Sr. No.	Information / clarification sought by us	Reply from NMPT
1.	The Feasibility Report envisages the project in 2 phases (page no.2 of the proposal). The proposal of NMPT, however, seeks approval of reference tariff for phase I of the project. As per the Feasibility Report (at page no.108) additional investments on equipment are envisaged in Phase II. The prospective bidders Adani Ports and Special Economic Zone Limited (APSEZL) and International Cargo Terminals and Infrastructure Pvt. Ltd. (ICTIPL) have sought tariff for both the Phases before bidding to enable bidders to prepare business plan. It is also necessary to bear in mind that upfront tariff once set will ordinarily operate in respect of a particular terminal for a period of 30 years. The NMPT may, therefore, consider to propose separate tariff schedule with Phase II investments as well, so that tariff on upfront basis is made available to the bidders for both phases before the bidding.	NMPT has now modified the proposal to propose separate Tariff schedule with Phase-II investments as well, so that Tariff on Upfront basis is made available to the bidders for both phases before the bidding.
2. (a).	The proposal of NMPT envisages to handle Other Clean Cargo viz. Fertilizer, Limestone, Dolomite and Gypsum. It is not clear whether fertilizers can be categorized as clean cargo. Please confirm.	Cargo other than the coal and iron ore is assumed as clean cargo.
(b). (i).	It is understood from our past experience that fertilizer needs to be bagged and then dispatched from the Port. The proposal of NMPT does not envisage bagging services for fertilizer handling nor tariff for the same, is proposed. There is an instance in the Deendayal Port Trust where the operator wants tariff for bagging plant after the bidding process was over. The NMPT is well aware that reference tariff once fixed is for the entire project period subject to annual indexation; and, there is no scope for review once the bidding is done based on the reference tariff fixed on upfront basis. The NMPT is requested to confirm that bagging facility is not envisaged in this project. If envisaged, tariff for bagging plant may be proposed supported by calculation.	Baggaging of the fertilizer is not in the operator scope. Fertilizer would be delivered at the storage point.
(ii).	If the NMPT is responsible for storage of fertilizers in its own storage facilities, or in a private shed, the NMPT may have to keep in mind that the storage charges to be levied on the fertilizers do not impact the fertilizers handling by the BOT operator at the proposed berth no.14.	No comments.
(c).	In the draft proposed Scale of Rates (SOR) the port has proposed handling charges specifying the above four cargoes of cargo. Apart from the four categories, port may consider to include "Other clean cargo" to meet the requirement of EXIM	There would be no addition in the Other Clean Cargo Category apart from the four categories.

	Trade and the BOT operator considering the long horizon of the project for 30 years	
3.	**<u>Estimate of optimal capacity:</u>**	
A.	**Container Handling:**	
(i).	<u>Optimal Quay Capacity</u>:	
	Calculation of Optimum Quay Capacity for Container cargo:	
(a).	The berth length envisaged is 350 meters. As per the upfront tariff guidelines of 2008 for container terminal, the norm is 1 number of quay gantry crane for 100 meters of berth length. The NMPT has proposed to deploy only two Harbour Mobile Cranes (MHCs) of 100 tonnes capacity instead of three quay gantry cranes required as per the norms prescribed in the guidelines on the ground of traffic potential is estimated at 1.4 lakhs TEUs in the first year. One of the other reasons cited by NMPT is constraint in the storage yard and limitation of the yard capacity. As the NMPT is aware, tariff should be prescribed with reference to the optimal capacity of the terminal irrespective of any traffic forecast as stipulated in Clause 3.3.2. of the guidelines of 2008. The upfront tariff guidelines do not prescribe any norm nor does it place any restriction on the port on the area to be allotted for storage purpose. The expectation is to consider area required to handle the anticipated optimal capacity. Out of the total back up area of 9.24 Ha available for container cargo, the NMPT has considered only 6.5 Ha for stacking and associated facilities. The reasons for considering only 6.5 Ha for assessing the optimal yard capacity may be explained. In view of the above, the NMPT may consider to review the optimal capacity. While doing so, the NMPT may ensure that the optimal quay capacity is closer to the optimal yard capacity.	The total area allotted for Phase-I is 9.24 Ha, out of which 2.74 Ha is berth area and area behind berth for connectivity, truck queuing area and immediate storage. Hence, the balance 6.5 Ha area is considered for optimal yard capacity calculations. Since this is a developed area, the facility would enable the operator to commence the operations immediately.
(b).	The basis of considering productivity at 20 moves per hour per MHC for estimating the optimal quay capacity may be explained.	The Maximum moves per hour as per supplier's brouchure is 32. However, 20 moves per hour considering about 65% operational efficiency is made in the proposal to TAMP.
(ii).	<u>Optimal Yard Capacity:</u>	
	Calculation of Optimal Yard Capacity for Container cargo:	
(a).	The NMPT has considered ground slots at 720 TEUs per Ha citing that it is as per the norms prescribed in the upfront tariff guidelines 2008. It may be recalled that while seeking upfront tariff for container terminal in the year 2009 the NMPT had considered 360 TEUs per Ha based on the justification that an area of 27.73 sq. mtrs. per TEU is required i.e. one container would require (5.90 m x 2.35 m) = 13.87 sq. mtrs. and 100% additional area for facilitating the movement of cranes and trailers and space between the containers in longitudinal and transverse direction, etc. In the upfront tariff approved by the Authority vide Order no.TAMP/33/2009-NMPT dated 30 December 2009 for container terminal of NMPT, based on the justification furnished by NMPT, ground slots of 360 TEUs / Ha was considered by the Authority for assessing the optimal yard capacity. This has been adopted in the upfront / reference tariff fixed for container terminal for other Major Ports as well.	Noted. **The capacity has been modified considering 360 TEUs/Ha.**

	While seeking reference tariff in the year 2016 the NMPT had considered reduced ground slots of 309.17 TEUs/Ha for Zone 1 (4.8 Ha storage area), 260 TEUs/Ha for Zone 2 (0.9 Ha storage area) and 260 TEUs/Ha for another yard area of 2.78 Ha storage area. It is relevant here to state that most of the prospective bidders viz., APSEZL as well as ICTIPL have also requested port to review the ground slots considered by the NMPT at 720 TEUs per Ha. In light of the above observation, the NMPT is requested to relook in to the ground slots considered in estimating optimal yard capacity.	
(b).	The norms for average dwell time prescribed in the upfront tariff guidelines of 2008 for assessing optimal yard capacity is 4 days for export & 2 days for import. The average comes to 3 days. Whereas, in the current proposal, the average dwell time of 7 days is considered by NMPT, based on average dwell time of 4 days for full container and 10 days for empty container. This is not in line with the norms prescribed in upfront tariff guidelines of 2008. The NMPT is, therefore, requested to justify the deviation from the prescribed norms	At present in NMPT, the average dwell time is around 7 days i.e. 4 days for full containers and 10 days for empty containers. The same has been considered.
B.	**Other Clean Cargo:**	
(i).	As per norms prescribed for a multi-purpose berth in the guidelines, norms for handling rate of Dry Bulk cargo viz. food grains and fertilizers is 10000 Tons/day for vessels of more than 30000 Tons parcel size. The said handling rate is for 3 nos. of 20T Electrical Level Luffing Crane (i.e. total 60T capacity). For 100 T HMC, the Authority has considered handling rate of 12500 T / day for dry bulk cargo. The NMPT is, therefore, requested to modify the optimal capacity for clean cargo considering handling rate of 12,500 T/ day.	Noted.
(ii).	The port has considered same handling rate for all categories of clean cargoes namely limestone, gypsum, fertilizer and dolomite. The port is requested to confirm that handling rate for all the above cargo items will be the same and they fall under the category of dry bulk cargo.	It is confirmed that cargo limestone, gypsum, fertilizer and dolomite fall under dry bulk cargo.
4.	**<u>Estimation of capital cost:</u>**	
(i).	Capital Cost for Container handling:	
(a).	Please furnish the break up of Capital Cost for Civil works and utilities.	Copy of Table 13-2 Cost estimate - Civil & utilities (pg 109) of Final DPR is enclosed. (Document page No. 175).
(b).	Confirm that the unit rate adopted for estimating civil cost is based on the prevailing market rates.	The unit rate adopted are based on the prevailing market rates for work of similar nature. They are sourced from internal cost database of the consultant which being constantly updated to reflect current market levels of civil and equipment costs.
(c).	The entire civil cost and related operating cost and return are apportioned to container handling. The NMPT may clarify whether none of the civil works is relevant for handing clean cargo. If relevant, the NMPT may apportion the capex, opex & ROCE of civil works to “clean cargo”. Please furnish the detailed working in this regard.	No civil component of Capital Cost has been envisaged for other cargo. Only mechanical equipments have been proposed and the cost element of the same has been used for calculation of handling charges for other cargo.
(d).	Few deviations observed from the normative list of equipment prescribed in the guidelines for container terminal are given below:	--
(i).	As per norms prescribed in the guidelines, 1 Quay gantry crane is prescribed for 100 m of berth length. As against that, NMPT has proposed 2 MHCs assuming that in case of Rail Mounted Quay Crane (RMQC) no dry bulk cargo shall be handled at the berth as these cranes are specifically built for handling containers and also will not be efficient in handling other bulk cargo. However, in last Order no.TAMP/56/2016-NMPT dated 04 January 2017 for container terminal of NMPT, NMPT itself	RMQC are costly for the project and may not be viable considering the traffic projected for the project. Also RMQC will not be able to handle the other clean cargo. Considering the above, MHC has been proposed. The number of quay cranes is proposed based on the requirement of traffic

	proposed to deploy 2 nos. of RMQC for container handling and 1 no. of MHC for clean cargo separately.	projections. It will be uneconomical to provide 3-4 cranes on the berth for the initial projected traffic. In the Phase 2, one additional MHC has been proposed.
(ii).	As per norms prescribed in the guidelines, 1 Reach Stacker is to be deployed for 9 Rubber Tyred Gantry Cranes (RTGCs). As against that, NMPT has proposed total 6 Reach stackers for 2 MHCs (page no.37 of Feasibility Report).	Also for the stackyard to cater to the operations of the MHC, reach stackers has been proposed. For 1 MHC, 3 reach stackers has been proposed.
(iii).	Norms prescribe 6 Tractor Trailers for 1 Quay Gantry Crane (QGC). The NMPT has not proposed any Tractor Trailer. Instead of that, the port has proposed 1 Empty Container Handler. Further, in the operating cost NMPT has proposed hire cost for trucks.	The requirement of TT has been estimated based on the distance to the stackyard and also the handling rate of MHC. Please refer Table 10-13 Number of trucks - containers (page no.70 of DPR, document page no.133) of the Final DPR. As the common practice by the operators is to hire Tractor Trailer, hence same has been assumed. The operation cost was considered in the calculation of Tariff instead of capital cost.
	The NMPT is requested to justify each of the above deviations from the norms prescribed in the upfront tariff guidelines.	
(e).	Please furnish budgetary quotation for estimating capital cost of each of the equipment as the same is not furnished and detailed working for each of the equipment indicating number of equipment and per unit cost. The per unit cost may be duly linked to the budgetary quotation / offers considered by the port to arrive at the estimates.	Please refer the annexures of the Final DPR for quotation. The same has been considered for the cost estimates.
(f).	Confirm that the Capital Cost are inclusive of applicable taxes and duties. In case, the EPCG benefit is likely to be availed by the successful bidder, then NMPT may capture its effect in the Capital Cost estimates. The port may also examine that the GST component, if any, in the capital cost estimate are to be excluded as the BOT operator may get benefit of input credit.	Capital Costs are inclusive of applicable taxes and duties.
(g).	The upfront tariff guidelines of 2008 prescribes norms for estimating other cost including finance cost and interest cost during construction at 10% of the total civil and equipment cost. The port has estimated other capital cost as per the prescribed norms. Apart from that, the port has also estimated operating and finance cost at ₹2.86 crores for container handling activity and interest during construction at ₹4.23 crores, which is not in line with the prescribed norms. The port may, therefore, exclude this item to be in line with the norms prescribed in the upfront tariff guidelines, 2008.	Since this project being executed in two phases, on a conservative side, the other charges prescribed in the guidelines may not be adequate towards the PMC cost, contingency, financing charges and IDC. However, this is considered only for Phase-I only.
(ii).	Capital Cost for Clean Cargo:	
(a).	The guidelines prescribe the list of equipment for multipurpose berth which includes level luffing wharf cranes, fork lift truck, pay loaders, power & lighting & communication. The cargo handling equipment considered by the NMPT, however, includes 2 nos. of MHCs of 100 Tonne capacity and 2 nos. of mobile hoppers. The port may furnish reasons for deviation from the norms prescribed in the upfront tariff guidelines. Confirm that the equipment proposed are adequate to handle "Clean cargo".	The handling equipment (MHC) proposed for handling container has been planned to be utilized for clean cargo. The proposed equipment will be sufficient to handle the clean cargo. Additional equipment such as Hoppers has been proposed additional to the MHC for clean cargo.
(b).	The port has estimated IT System/ Instrumentation Cost of ₹0.38 crores at 2% of the total civil and equipment cost for clean cargo activity. This is not in line with the norms prescribed in the upfront tariff guidelines 2008 for multipurpose cargo which has been adopted by the NMPT for other clean cargo. The port may, therefore, exclude this item to be in line with the norms prescribed in the upfront tariff guidelines, 2008.	The IT System/ Instrumentation Cost of 0.38 Cr. @ 10% has been arrived by taking into account the ratio of 75:25, i.e., 75% Container Cargo and 25% for Other Cargo.
(c).	The upfront tariff guidelines of 2008 prescribes norms for estimating miscellaneous cost at 5% of the total civil and equipment cost. The port has estimated miscellaneous cost at 10 % of the total civil and equipment cost which is not in line with the prescribed norm. The NMPT may make necessary correction to comply with the norms prescribed in the upfront tariff guidelines 2008.	Miscellaneous cost is taken at 10% which has been accepted by TAMP in its order for NMPT Port for fixation of reference tariff for container terminal cargo (Case No. TAMP/56/2016-NMPT dated 01.03.2017). [No, it was 5% in Order dated 01 March 2017.]
5.	**Operating Cost:**	

<table>
<tr><td>(i).</td><td>Operating Cost for Container handling:</td><td></td></tr>
<tr><td>(a).</td><td>Power Cost:</td><td></td></tr>
<tr><td>(i).</td><td>The upfront tariff guidelines, 2008 prescribes norms for power consumption at 8 units per TEU. The said norm is with reference to the normative equipments prescribed for container handling which is a combination of Quay Gantry Crane, RMQCs, RTGCs, etc. The Port has, however, not proposed equipment profile as per the norms prescribed. The proposal envisages use of 2 MHCs each of 100T capacity for container handling. For MHC, the port has already estimated fuel cost at 70 liters per hour. That being so, the NMPT is requested to explain the basis and the purpose of estimating power cost adopting the norm of 8 unit per TEU.</td><td>The power cost has been calculated for the requirement of the project considering the illumination, reefer and demand from the buildings and other utilities and found to be 2,978,810 KWh for phase 1 and 2,004,400 KWh for Phase 2.</td></tr>
<tr><td>(ii).</td><td>The unit rate of power considered by the port in the cost calculation is ₹10.00/unit. However, the unit rate considered by the NMPT does not match with the unit rate of power as per the electricity bills furnished by NMPT for the months of June 2018, July 2018 and August 2018. NMPT may, therefore, modify the estimate based on the prevailing cost of power.</td><td>The per unit cost of ₹10/- has been taken after considering the electricity bills of NMPT in the past.
Statement of Power Charges attached
<table>
<tr><td colspan="6">Statement of Electricity charges for the month of May, June & July 2018</td></tr>
<tr><td>Month</td><td>Net consumption</td><td>Sub meter consumption</td><td>Total</td><td>Amount</td><td>Rate/ KWH</td></tr>
<tr><td>May-18</td><td>272040</td><td>136167</td><td>408207</td><td>3976996</td><td>9.74</td></tr>
<tr><td>Jun-18</td><td>349980</td><td>140025</td><td>490005</td><td>4607658</td><td>9.40</td></tr>
<tr><td>Jul-18</td><td>165344</td><td>143800</td><td>309144</td><td>3018351</td><td>9.76</td></tr>
<tr><td></td><td></td><td></td><td></td><td>Average</td><td>9.64</td></tr>
<tr><td colspan="6">Therefore the electricity charges considered as ₹10/KWH</td></tr>
</table></td></tr>
<tr><td>(b).</td><td>Fuel Cost:</td><td></td></tr>
<tr><td>(i).</td><td>The upfront tariff guidelines 2008 prescribe norm for fuel consumption at 4 liters per TEU. The said norm is with reference to the normative equipments prescribed for container handling which is a combination of RMQCs, RTGCs, Reach stacker, Tractor Trailors etc. The Port has, however, not proposed equipment profile as per the norms prescribed. The proposal envisages use of 2 MHCs each of 100T capacity, Reach stacker and Empty container handler for container handling. The NMPT is requested to explain the basis and the purpose of estimating fuel cost adopting the norm of 4 liters per TEU when the port has not proposed the equipment deployment as per the normative list.</td><td>The fuel requirement for this project are for the MHC, and the stackyard equipment. i.e. Reach stackers and Empty container handlers.
<table>
<tr><td>Efficiency of the Reach stacker (lts/hr)</td><td>18</td></tr>
<tr><td>Efficiency of empty container handler (lts/hr)</td><td>12</td></tr>
<tr><td>Total working hour</td><td>7300</td></tr>
<tr><td>No. of reach stackers</td><td>9</td></tr>
<tr><td>No. of empty handlers</td><td>2</td></tr>
<tr><td>Total fuel required</td><td>1357800</td></tr>
<tr><td>Capacity of the terminal</td><td>353769</td></tr>
<tr><td>Fuel (lts/TEU)</td><td>3.838098</td></tr>
</table>
Hence 4 lts/TEU is considered.</td></tr>
<tr><td>(ii).</td><td>The NMPT has estimated the fuel cost at ₹2.81 crores (75% Share * 70 liters per hour *4000 hours *2 MHCs * ₹67 per liter) for 2 MHCs considering fuel consumption of 70 liters per hour per MHC for 4000 hours. Since the optimal capacity is assessed at 70% which works out 6132 hours, the number of hours for estimation of fuel cost may be suitably modified for 4599 hours (i.e.6132 hours * 75%).</td><td>Since the efficiency of MHC is less than that of Quay gantry crane (as per TAMP), the optimal capacity is assessed at 65% which works out 3985 hours. Hence 4000 hours is considered.</td></tr>
<tr><td>(iii).</td><td>The unit rate of fuel considered is ₹67 per liter. This may be updated with the prevailing rate. Also, furnish copies of fuel bills of recent month to justify the unit rate adopted by NMPT.</td><td>Noted. The fuel price has now been taken as ₹75/litre.</td></tr>
<tr><td>(c).</td><td>Please clarify the each of the equipment viz., MHCs, Reach stacker and Empty container handler proposed by the NMPT are power operated or fuel.
As regards Reach stacker and Empty container handler proposed by the NMPT in the absence of any specific norms prescribed in the tariff guidelines of 2008 exclusively for these items, the parameters adopted by the NMPT to estimate fuel cost to be justified with the technical specifications and supported with documentary evidence.</td><td>The technical specifications along with the budgetary quotations is included as annexure of the Final DPR. The fuel/TEU is calculated and presented above.</td></tr>
</table>

<table>
<tr><td>(d).</td><td>There is slight error observed in the method of computation of repairs and maintenance. The NMPT has not considered the capital cost of “other capital cost” while calculating repairs & maintenance. Hence, the estimates of repairs and maintenance cost of civil and equipment cost for container may be modified to capture repairs and maintenance on “other capital cost”. This is explained in the table given below:
(₹ in crores)
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>As estimated by NMPT</th><th>What the estimation should be</th></tr>
<tr><td>8.</td><td>Repairs and Maintenance:</td><td></td><td></td></tr>
<tr><td>(i).</td><td>Civil at 1%</td><td>0.08
[1% of ₹8.36 crores]</td><td>0.09
{1% of [₹8.36 crores + ₹0.836 crores]}</td></tr>
<tr><td>(ii).</td><td>Mechanical and electrical equipment at 2%</td><td>1.59
[2% of (₹77.60 crores + ₹1.72 crores)]</td><td>1.74
{2% of [₹77.60 crores + ₹7.76 crores]}</td></tr>
</table>
The NMPT is requested to recompute this cost item in the light of the above observation.</td><td>Repair & Maintenance has been worked out on the cost of Civil construction and Mechanical and electrical equipments.</td></tr>
<tr><td>(e).</td><td>Licence Fee:
Please confirm whether the unit rate of ₹51.58 /sqm/month for paved yard, adopted for estimating the licence fee is based on the prevailing rates prescribed in the Schedule of Rates for NMPT lands. Also, give the reference of the unit rate adopted from the prevailing Schedule of Rates along with the applicable escalation factor applied to arrive at the unit rate of ₹51.58 /sqm/month.</td><td>The prevailing rates have been considered. Base rate for paved areas is ₹45.972 / sqm / month. For which 10% surcharge is added for the allotment inside the security wall. The total amount works out to ₹50.569 / sqm / month. Also adding 2% escalation per annum the final amount works out to ₹51.58 / sqm / month. The SOR is enclosed.</td></tr>
<tr><td>(ii).</td><td>Operating Cost for Clean Cargo handling:</td><td></td></tr>
<tr><td>(a).</td><td>Power Cost:</td><td></td></tr>
<tr><td>(i).</td><td>NMPT has estimated power consumption of 0.67KWh /Tonne at ₹10/KWh and estimated power cost at ₹0.43 crores. The proposal envisages use of 2 MHCs each of 100T capacity for container handling. For MHC, the port has already estimated fuel cost at 70 liters per hour. That being so, the NMPT is requested to explain the basis and the purpose of estimating power cost and clarify for which equipment the power cost is estimated. The power consumption adopted may be justified based on the technical specification about power consumption for the relevant equipment.</td><td>The power cost for the clean cargo is for the Mobile hoppers which are electrically driven. The 0.67 KWH/Tonnes is taken from the TAMP Order No.TAMP/60/2016-VOCPT.</td></tr>
<tr><td>(ii).</td><td>As stated earlier, the unit rate considered by the NMPT of ₹10.00 does not match with the unit rate of power as per the electricity bills furnished by NMPT for the months of June 2018, July 2018 and August 2018. NMPT may, therefore, modify the estimate in the light of the above observation.</td><td></td></tr>
<tr><td>(b).</td><td>Fuel Cost:</td><td></td></tr>
<tr><td>(i).</td><td>The NMPT has estimated the fuel cost at ₹0.94 crores (25% Share * 70 liters per hour *4000 hours *2 MHCs * ₹67 per liter) for 2 MHCs considering fuel consumption of 70 liters per hour per MHC for 4000 hours. Since the optimal capacity is assessed at 70% which works out 6132 hours, the number of hours for estimation of fuel cost may be suitably modified to that extent considering 4599 hours (i.e.6132 hours * 75%).</td><td>Since the efficiency of MHC is less than that of Quay gantry crane (as per TAMP), the optimal capacity is assessed at 65% which works out 3985 hours. Hence 4000 hours is considered.</td></tr>
<tr><td>(ii).</td><td>The unit rate of fuel considered is ₹67 per liter. This may be updated with the prevailing rate. Also, furnish copies of fuel bills of recent month to justify the unit rate adopted by NMPT.</td><td>Noted. The fuel price has now been taken as ₹75/litre.</td></tr>
<tr><td>(c).</td><td>Truck Hire Cost:</td><td></td></tr>
<tr><td></td><td>The following points may be clarified:</td><td></td></tr>
<tr><td>(i).</td><td>The 2008 guidelines do not mention about hire of equipment. The 2008 guidelines prescribe normative list of equipment for capital cost to be estimated by Port Trust. Based on capital cost, operating cost, ROCE and Annual Revenue Requirement (ARR), reference tariff is computed for the optimal capacity. Please clarify as to how the approach adopted by NMPT of proposing trucks on hire fits into 2008 guidelines. The NMPT to justify with adequate reasons for deviation from the guidelines in this regard. Cost benefit analysis done for hire</td><td>As the common practice by the operators is to hire Tractor Trailer, same has been assumed. The operation cost has been considered in the calculation of Tariff instead of capital cost.</td></tr>
</table>

<table>
<tr><td></td><td>vis-à-vis purchase option of truck to arrive at this proposal of hire of trucks may also be furnished.</td><td></td></tr>
<tr><td>(ii).</td><td>Please explain the basis and also give working for arriving at hire cost of trucks at ₹0.30 crores.</td><td>--</td></tr>
<tr><td>(iii).</td><td>Please furnish documentary support / budgetary quotations for hire trucks considered in cost calculation. Confirm it reflects the prevailing market value.</td><td>--</td></tr>
<tr><td>(d).</td><td>The method of computation of repairs and maintenance for equipment is not clear. The NMPT has not considered the capital cost of "other capital cost" while calculating repairs & maintenance. Hence, the estimates of repairs and maintenance cost of equipment cost for clean cargo may be modified to include repairs and maintenance on other capital cost. Moreover, in the light of our earlier observation to exclude capital cost relating to IT, repairs and maintenance cost need to be excluded for IT related capex. This is explained in the table given below:
(₹ in crores)
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>As estimated by NMPT</th><th>Correct Position</th></tr>
<tr><td>1.</td><td colspan="3">Repairs and Maintenance:</td></tr>
<tr><td>(i).</td><td>Civil at 1%</td><td>0.00</td><td>0.00</td></tr>
<tr><td>(ii).</td><td>Mechanical and electrical equipment at 5%</td><td>0.39
[5% of cost of mechanical and electrical equipment]</td><td>1.05
{5% of [₹19.00 crores + ₹1.90 crores]}</td></tr>
</table>
The NMPT is requested to recompute this cost items in the light of the above observation.</td><td>Repair & Maintenance has been worked out on the cost of Mechanical and electrical equipments - The amount estimated by NMPT i.e. 0.39 crores is calculated on the basis of 2% of cost of mechanical and electrical equipment. There was a typo error in Tariff Proposal para no 5.10 on page 10 where inadvertently 5% was mentioned.
The amount is calculated on the basis of 2% of cost of mechanical and electrical equipment because 93% of the equipment cost comprises of HMCs which shall be shared for handling both container and other clean cargo.</td></tr>
<tr><td>(e).</td><td>Licence fees:
Licence fees is considered as Nil for clean cargo. Confirm none of the clean cargo is likely to avail any area of storage facility. The NMPT is requested to clarify what mechanism is envisaged for storage of clean cargo, when the user wants to store the cargo. If clean cargo is likely to avail storage facility, then the port may consider to include licence fee in operating cost and also purpose of storage charges.</td><td>No storage of other clean cargo by the operator is envisaged. The operator will deliver the cargo at the storage envisaged by the user.</td></tr>
<tr><td>6.</td><td><u>Annual Revenue Requirement (ARR) & Proposed Tariff Calculation:</u></td><td></td></tr>
<tr><td>(i).</td><td>Reference Tariff calculation for handling Container:</td><td></td></tr>
<tr><td>(a).</td><td>Furnish the basis for different categories of containers considered in the revenue estimate to match it with the estimated ARR.</td><td rowspan="4">The percentage distribution of containers considered in the DPR was arrived from the past traffic data as follows and the same is considered for Tariff proposal.
In the absence of details available for
<table>
<tr><td>Special type of Containers</td><td></td></tr>
<tr><td>Normal and reefer</td><td>96 %</td></tr>
<tr><td>Hazardous</td><td>2 %</td></tr>
<tr><td>Container above 40' length</td><td>1.4 %</td></tr>
<tr><td>Transhipment containers</td><td>0.1 %</td></tr>
<tr><td>Over Dimension Containers</td><td>0.5 %</td></tr>
</table>
ground rent charges and miscellaneous charges constituting of services for reefer monitoring, shifting containers and rest of related services i.e. hatch cover opening and replacing and in view of the fact that the impact on overall revenue requirement is not material, NMPT has applied the correction factor of handling charges for ground rent and miscellaneous services similar to the methodology that has been accepted by TAMP in its order for Kandla Port Trust (KPT) for fixation of reference tariff for container terminal cargo for Berth No. 11 & 12 (Case No. TAMP/43/2014-KPT dated 29-11-2014).

The percentage share of the Dwell Time Charges for different categories of</td></tr>
<tr><td>(b).</td><td>The correction factor of 63.98% arrived by the NMPT based on the comparison of the handling charges for container approved in the Order No.TAMP/33/2009-NMPT dated 30 December 2009 has been applied to arrive at the SOR relating to the apportioned handling income. The same factor has been applied to derive the dwell time charges and miscellaneous charges. In this regard, the NMPT is requested to clarify the rational for applying the correction factor arrived based on the handling income to derive the dwell time charges and miscellaneous charges from their respective apportioned revenue requirement.</td></tr>
<tr><td>(c).</td><td>As regards Dwell Time Charges for different categories of containers, the NMPT is requested to explain the percentage share of containers which will move within the free storage period and percentage share which will avail dwell time facility beyond the free period and pay dwell time charge. The revenue estimation from dwell time charges needs to take into consideration the above aspects and the port is requested to furnish revised calculation to show that at the proposed tariff the Operator will be in a position to meet the ARR estimated from the dwell time charge. The revenue estimation furnished by the NMPT along with the proposal does not capture these points.</td></tr>
<tr><td>(d).</td><td>In other container terminals it is seen that there are various miscellaneous services for which tariff is proposed. A list of such misc. services is attached as Annex-A. The SOR proposed by the NMPT does not include the above mentioned</td></tr>
</table>

	services. The port may examine and, if necessary, propose to include tariff for these misc. services, if relevant for its terminal. There is an instance in JNPT where tariff is sought for miscellaneous services after award of the project. As the NMPT is aware, 2008/2013 Guidelines do not lend scope for review of tariff after award of the project.	containers have been considered as same as approved in the earlier TAMP order. Tariff for miscellaneous services taken as has been accepted by TAMP in its order for NMPT Port for fixation of reference tariff for container terminal cargo (Case No. TAMP/56/2016-NMPT dated 01.03.2017).
(e).	Furnish revenue estimation considering proposed tariff for each of the services viz. container handling, dwell time and storage charge and the optimal capacity of container expected to avail the proposed services and show that the total revenue estimates matches with the estimated ARR from the handling activity, miscellaneous and dwell time charges. Sample calculation of one of the cases is attached as **Annex-B** for perusal which may be made use of by the NMPT for furnishing the relevant statement.	Storage services would range from huge number of days intervals and for various types of containers i.e. ICD, CFS, Export, Import, etc. Due to non-availability of such data of volume of containers, revenue estimation considering proposed tariff for each of the services viz. container handling, dwell time and storage charge could not be worked out. Similar methodology has been accepted by TAMP in its earlier tariff order for NMPT (Case No. TAMP/56/2016–NMPT dated 01.03.2017). Further, the assumptions taken in the sample calculation (Annex-B) that has been shared are missing. It is not possible to peruse the sample since, it contains references to other excel sheets which have not been shared.
(ii).	<u>Reference Tariff calculation for Other Clean Cargo Handling Activity</u>: The NMPT has stated that it has adopted the norms prescribed in the upfront tariff guidelines of 2008 for multipurpose berth for arriving at the proposed tariff for clean cargo. In this context it is to state that the norm of apportionment of ARR for multipurpose berth prescribed in the said guidelines is in the ratio of 90%, 5% and 5% towards handling charge, storage charge and miscellaneous charge. As against the above norm, the NMPT has proposed to apportion 100% of the estimated revenue requirement towards handling charges. The port has not proposed dwell time as well as miscellaneous charges on the ground of difficulty in identifying miscellaneous services and storage charges. The port has further stated that the operator would be allowed to charge separately for miscellaneous services after taking necessary approval from Concessioning Authority (NMPT). In this regard, the NMPT is requested to note that the Major Port Trusts Act, 1963, in the present form mandates TAMP to approve the charges leviable by the BOT operator for the services rendered and the Act does not confer any power on a Port Trusts to approve the charges leviable by a BOT operator. The reference tariff to be approved by TAMP for clean cargo will be consolidated rate including charges for miscellaneous services and storage charge if port does not propose to have separate rate for these services. The port may, therefore, review and, if necessary, propose separate tariff for storage and miscellaneous services as being done by other Major Port Trusts.	Storage is not proposed in the scope of BOT Operator.
7.	**<u>Proposed SOR</u>**:	
(i).	The proposed conditions at note nos. v(a), v(b), (vi), (vii)(a) and (vii)(b) under "General Terms & Conditions" are related and relevant for tariff denominated in US dollar terms. Since the draft SOR do not prescribe any dollar denominated tariff items, the said proposed notes may be deleted.	v(a), v(b) deleted and suitably replaced. vii (a) and vii (b) deleted
(ii).	The Authority has passed common adoption Orders, vide Order No.TAMP/53/2015-VOCPT dated 26 November 2015, 10 June 2016 and 25 September 2018 relating to provision prescribed for System of classification of vessel for levy of Vessel Related Charges (VRC) and Criteria for levy of Vessel Related Charges and Concessional Coastal rate for all Major Port Trusts and BOT operators thereat. It is, however, seen that the NMPT has not included a few amended provisions in	Noted.

	the proposed SOR. The NMPT is, therefore, requested to incorporate the following provisions which are uniformly prescribed as a common adoption Order for all the Major Port Trusts and BOT operators.	
(a).	The provisions proposed by NMPT in note 2 (ii) (b) and (iv) (b) of the draft SOR may be replaced with the following provisions (corrections shown in bold): "*A Foreign going vessel of foreign flag can convert to coastal run on the basis of a* ***License for Specified period or voyage*** *issued by the Director General of Shipping and a custom conversion order.*" "*In case of a Foreign flag vessel converted to coastal run on the basis of a* ***License for Specified period or voyage*** *issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container*."	Noted and complied.
(b).	Further, following provisions may be inserted separately as note no (v) as the proposed SOR does not prescribe this general condition: "(i). Coastal goods transported between an Indian port on east coast and another Indian port on west coast or vice versa, by a vessel through the territorial waters of Sri Lanka, whether or not calling any port in Sri Lanka in between and without change of vessel in terms Notification No.38/2018-Customs (N.T.) dated 11 May 2018 of Central Board of Indirect Taxes and Customs shall be eligible for concession in vessel related charges and cargo related charges. (ii). Coastal goods transported between an Indian port on east coast and a river port in India or vice versa, by a vessel through a route passing through the Bangladeshi waters and without change of vessel in terms Notification No.38/2018-Customs (N.T.) dated 11 May 2018 of Central Board of Indirect Taxes and Customs shall be eligible for concession in vessel related charges and cargo related charges."	Noted and complied. Noted.
(iii).	The note proposed at (vii) (d) is repetition of note already proposed at (iv) (b) and hence note (vii) (d) may be deleted.	Noted and deleted.
(iv).	The following note flowing from note prescribed at para 3 (v) of Order no.TAMP/4/2004-Genl. dated 07 January 2005 may be inserted after note (vii) (c): "*Container / cargo from a foreign port which reaches an Indian Port 'A' for subsequent transhipment to Indian Port 'B' will also qualify insofar as the charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession*."	Noted and inserted as "Note" vi(b).
(v).	In schedule 7.16 (d) of the proposed SOR prescribing miscellaneous charges for movement of containers within the hatch or from hatch to hatch, the unit of levy may be corrected as 'Rate per TEU (₹)' as pointed out by ICTIPL instead of "rate per hatch cover".	Noted and complied.
8.	**Performance Standards:**	
(i).	Gross Berth Day Output.	
(a).	The NMPT in its proposal has envisaged optimal capacity considering 20 moves per crane for 100T MHC. The NMPT has proposed Gross Berth Day Output for main line vessels at "20 moves per hour". This may be corrected as "20 moves per hour per crane".	Noted and complied.
(b).	The NMPT has also proposed performance standards at 13 moves per hour for feeder vessel. The NMPT is requested to explain the basis and reasons for proposing the proposed performance standards since the same is not captured while assessing the optimal capacity calculation.	It is assumed that for feeder services, the handling rate will be 65% of the expected handling rate of the MHC considering smaller parcel size, vessel size, arrangement of containers in the vessel etc. They are only indicative hence not considered in the optimal capacity calculation.

(ii). (a).	A general note governing annual indexation based on Wholesale Price Index (WPI) may also be prescribed in the proposed draft SOR in line with the prescription in other reference tariff cases in view of clause 2.9 of Reference Tariff Guidelines.	Already proposed in draft SOR.
(b).	As the NMPT may be well aware, as per clause 2.9 of the Reference Tariff Guidelines of 2013, the BOT operator is entitled for 15% Performance Linked Tariff hike for achievement of performance as per clause 2.9 of the said guidelines. The provision regarding Performance Linked Tariff as prescribed under the tariff guidelines of 2013 has not been proposed by the NMPT. The port to propose suitable provision regarding Performance Linked Tariff as prescribed in the reference tariff approved for other PPP projects in line with the provisions in the tariff guidelines of 2013.	Kindly refer Article 8 of the Draft concession agreement. [Article 8 of the draft concession agreement does not stipulate any performance standards.]

9.2. As stated above, while furnishing additional information/ clarification, the NMPT vide its letter dated 23 November 2018 has also filed its revised proposal after conducting meeting with the bidders on 15 November 2018 for their views on the tariff proposed by the NMPT and after taking into account the views of the bidders. The main modifications made by the NMPT in the revised proposal dated 23 November 2018 and the submissions made by the NMPT are given below:

A. <u>For Phase-I:</u>

(i). **Estimation of Optimal Capacity**:

(a). Container Cargo:

(i). Estimation of Optimal Quay Capacity:

The Optimum Quay Capacity for Container Cargo is same as proposed in proposal dated 11 September 2018 i.e. 2,39,148 TEUs. Further, in terms of tonnage handled, the Optimum Quay Capacity for Container Cargo is 3.59 MTPA.

(ii). Estimation of optimal yard capacity:

The total backup area available for Phase I is 6.5 hectares.

Total Area	Ha	6.5
G = Total ground slot	TEUs per Ha	360
H = Average Stack height	ratio	2.5
P = Period in No. of days	days	365
S = Surge factor	ratio	1.3
D = Average Dwell Time*	days	7
Thus, Optimal Yard Capacity = 0.7 * (G * H * P) / (S * D)	TEUs	1,64,250

* Ground slots per hectare taken as 360 which is practically possible.

* Average of 4 days for full containers & 10 days for empty containers.

Hence, the Total Optimal Yard Capacity for Container Cargo is 1,64,250 TEUs. Further, in terms of tonnage handled, the Optimum Yard Capacity for Container Cargo is 2.46 MTPA.

(c). Other Cargo:

The optimal quay capacity for Other Cargo is same as estimated in proposal dated 11 September 2018 i.e. 0.64 MTPA.

(d). Optimal Terminal Capacity:

As per the Guidelines of 2008, optimal terminal capacity is the lower value of the optimal quay capacity or optimal yard capacity. According to the calculations undertaken in the earlier sections, optimal capacity is determined as below:

Parameters	Container Cargo		Other Cargo	Total
Quay Capacity	2,39,148TEUs	3.59 MTPA	0.64 MTPA	
Yard Capacity	1,64,250 TEUs	2.46 MTPA	NA	
Optimal Capacity	1,64,250 TEUs	2.46 MTPA	0.64 MTPA	3.10 MTPA

(ii). **Capital Cost:**

(a). **For Container Cargo:**
The Estimated Capital cost for Container Cargo Handling Facilities is same as estimated in proposal dated 11 September 2018 i.e. at ₹103.54 crores.

(b). **For Other Clean Cargo:**
The estimated cost for developing handling facilities for Other Cargo is same as estimated in proposal dated 11 September 2018 i.e. at ₹21.32 crores.

(c). The total estimated cost for developing handling facilities for container cargo and Other Cargo is shown in the table below:

(₹ in crores)

Type of Cargo	Total Estimated Capital Cost
Container Cargo	103.54
Other Cargo	21.32
Total	**124.86**

(iv). **Operating cost:**

(a). For Container Cargo:
Calculation of Operating cost for Container Cargo:

(₹ in crores)

Sr. No.	Particulars	Amount	Unit
(i).	**Power Costs**		
(a).	Power consumption	8.00	KWH/ TEU
(b).	Cost per Unit (KWH)	10.00	₹ / Unit
(c).	Power for illumination	2.14	₹ Crores
(d).	Power of Reefer Plugs	1.71	₹ Crores
(e).	Total Power cost	**3.85**	₹ Crores
(ii).	**Fuel Costs**		
(a).	Cost per Unit (Litre)	75.00	₹ / Litre
(b).	Fuel Cost = Fuel Consumption Norm x Fuel Rate x Optimal Capacity	4.93	₹ Crores
(c).	Additional Fuel for MHC (4000 hrs @ 70 litres per hour/crane)	3.15	₹ Crores
(d).	Total Fuel Cost	**8.08**	₹ Crores
(iii).	**Hire Cost for Trucks**		
(a).	Hire Cost for Trucks	**3.83**	₹ Crores
(iv).	**Repair & Maintenance Costs**		
(a).	Civil Assets (1% on civil work)	**0.08**	₹ Crores
(b).	Mechanical & Electrical Equipment including spares (2% on equipment cost)	**1.59**	₹ Crores
(v).	**Insurance Costs**		
(a).	Insurance Costs (1% of Gross Fixed Asset Value)	**0.88**	₹ Crores

(vi).	**Depreciation**		
(a).	Civil Work @ 3.17%	**0.27**	₹ Crores
(b).	Mechanical Work @ 9.50%	**7.37**	₹ Crores
(c).	IT / Instrumentation @ 16.21%	**0.28**	₹ Crores
(vii).	**License Fee for Land** (rentals for land and other port assets)		
(a).	Licence Fee per month	51.58	₹ per sqm/ month
(b).	Licence Fee for Land	**5.72**	₹ Crores
(viii).	**Other Expenses**		
(a).	Other Expenses towards salaries and overheads (15% on gross fixed assets)	**13.15**	₹ Crores
(ix).	**Total Operating Costs at Optimal Capacity**	**45.09**	**₹ Crores**

(b). Calculation of Operating cost for other clean cargo handling:

(₹ in crores)

Sr. No.	Particulars	Amount	Unit
(i).	**Power Costs**		
(a).	Power Consumption for illumination	24,00,000	kWh / Ha /year
(b).	Cost per Unit (KWH)	10.00	₹ / kWh
(c).	Total Power Charges	**0.07**	₹ Crores
(ii).	**Fuel Costs**		
(a).	Cost of Fuel	75.00	₹ / Litre
(b).	Fuel Consumption	70.00	Litres / hour / Crane
(c).	Number of Hours	4000.00	Hours
(d).	**Total Fuel Cost**	**1.05**	₹ Crores
(iii).	**Truck Lease Cost**		
(a).	**Lease Cost**	**0.30**	₹ Crores
(iv).	**Repair & Maintenance Costs**		
(a).	Civil Assets (1% on civil work)	**0.00**	₹ Crores
(b).	Mechanical & Electrical Equipment including spares (2% on equipment cost)	**0.39**	₹ Crores
(v).	**Insurance Costs**		
(a).	Insurance Costs (1% of Gross Fixed Asset Value)	**0.19**	₹ Crores
(vi).	**Depreciation**		
(a).	Civil Work @ 3.17%	**0.00**	₹ Crores
(b).	Mechanical Work @ 9.50%	**1.81**	₹ Crores
(c).	IT / Instumentation	**0.06**	₹ Crores
(vii).	**License Fee for Land**		
(a).	Licence Fee for Land	**0.00**	₹ Crores
(viii).	**Other Expenses**		
(a).	Other Expenses towards salaries and overheads (5% on gross fixed assets)	**0.97**	₹ Crores
(ix).	**Total Operating Costs at Optimal Capacity**	**4.84**	**₹ Crores**

(c). The total estimated operating cost for developing handling facilities for container cargo and other clean cargo is shown in the table below:

(₹ in crores)

Type of Cargo	Total Estimated operating Cost
Container Cargo	45.09
Other Clean Cargo	4.84

Total	49.93

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

(vi). Accordingly, the revenue requirement estimated by NMPT is as follows:

(a). Annual Revenue Requirement: (**₹ in crores**)

Sl. No.	Particulars	Amount
1.	**For Container Cargo**	
(i).	ROCE @ 16% (₹103.54* 16%)	16.57
(ii).	Operating cost	45.09
(iii).	Total Revenue Requirement	61.66
2.	**For Other Clean Cargo**	
(i).	ROCE @ 16% (₹21.32* 16%)	3.41
(ii).	Operating cost	4.84
(iii).	Total Revenue Requirement	8.25

(b). Apportionment of Revenue Requirement: (**₹ in crores**)

Particulars	For Container Cargo		For Other Clean Cargo	
Total Revenue Requirement	61.66		8.52	
Revenue apportionment for				
Cargo Handling Charges	55.49	90%	8.25	100%
Ground Rent Charges	4.32	7%	0.00	0%
Miscellaneous Charges	1.85	3%	0.00	0%

(vii). The tariff proposed by the NMPT to meet the estimated revenue requirement is as follows:

(a). Container Related Charge:

(i). **Handling Charges:**

(a). Normal & Reefer Containers (Upto 20' length):

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	2,976.70	2,381.36	1,786.02	1,428.81
2.	From Container yard to Railway flat or vice versa	1,488.35	1,488.35	1,488.35	1,488.35
3.	From Container yard to Truck or vice versa	446.50	446.50	446.50	446.50

(b). The NMPT has also proposed separate revised tariff for Normal & Reefer Containers (20' to 40' length), Normal & Reefer Containers (Above 40' length), Hazardous Containers, Transhipment Containers and Over Dimensional Cargo Container.

(ii). **Ground Rent Charges**:

Sr. No.	Particulars	Rate per container per day or part thereof (in ₹)					
		Foreign			Coastal		
		Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length	Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length
1.	Import-loaded						
	First 4 days	Free	Free	Free	Free	Free	Free

	5-8 days	183.84	367.67	551.51	183.84	367.67	551.51
	9-15 days	367.67	735.36	1,103.03	367.67	735.36	1,103.03
	Thereafter	735.36	1,470.70	2,206.06	735.36	1,470.70	2,206.06
2.	Export-Loaded						
	First 5 days	Free	Free	Free	Free	Free	Free
	6-8 days	183.84	367.67	551.51	183.84	367.67	551.51
	9-15 days	367.67	735.36	1,103.03	367.67	735.36	1,103.03
	Thereafter	735.36	1,470.70	2,206.06	735.36	1,470.70	2,206.06
3.	Import / Export – Empty						
	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	183.84	367.67	551.51	183.84	367.67	551.51
	9-15 days	367.67	735.36	1,103.03	367.67	735.36	1,103.03
	Thereafter	735.36	1,470.70	2,206.06	735.36	1,470.70	2,206.06
4.	Transhipment – Loaded						
	First 15 days	Free	Free	Free	Free	Free	Free
	16-30 days	183.84	367.67	551.51	183.84	367.67	551.51
	Thereafter	367.67	735.36	1,103.03	367.67	735.36	1,103.03
5.	Transhipment – Empty						
	First 7 days	Free	Free	Free	Free	Free	Free
	8-15 days	183.84	367.67	551.51	183.84	367.67	551.51
	Thereafter	367.67	735.36	1,103.03	367.67	735.36	1,103.03

(iii). **Miscellaneous Charges:**

(a). Reefer Monitoring and Connection:

Sl. No.	**Description**	**Rate per TEU (in ₹)**			
		Foreign Going Vessel		**Coastal Vessel**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	Additional charges per 4 hours or part thereof for electricity consumption and monitoring of reefer containers	305.83	305.83	305.83	305.83

(b). Other Services Rendered:

Sl. No.	**Description**	**Rate per TEU (in ₹)**			
		Foreign Going Vessel		**Coastal Vessel**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	Shifting of containers from one yard to another yard within the terminal for customs inspection or any other Purposes and subsequent loading of Containers for delivery.	1,483.30	1,483.30	1,483.30	1,483.30
2.	Additional service charges for stacking Containers in designated yard for custom examination or for any other purpose by prior arrangement.	444.99	444.99	444.99	444.99

(c). Opening of Hatch Cover and Replacing it:

Sl. No.	**Description**	**Rate per Hatch Cover (in ₹)**	
		Foreign Vessel	**Coastal Vessel**
		Loaded	**Loaded**
1.	When placing it on the Quay	5,933.17	3,559.90
2.	Without placing it on the Quay	2,874.83	1,724.90

(d). One Hatch to another Hatch or within the Same Hatch:

Sl. No.	**Description**	**Rate per Hatch Cover (in ₹)**			
		Foreign Vessel		**Coastal Vessel**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	Hatch to hatch shifting (involving 1 move only)	1,483.30	1,483.30	889.98	889.98
2.	Other than (a) mentioned above	5,933.17	5,933.17	3,560.10	3,560.10

(b). Other Clean Cargo related charges:

Cargo Handling Charges:

Sl. No.	**Commodity**	**Rate per tonne (in ₹)**	
		Foreign	**Coastal**
1	Handling Charges for - Fertilizer, Limestone, Gypsum, Dolomite	146.80	88.08

(viii). **Performance standard:**

The estimated performance standards are same as estimated in proposal dated 11 September 2018 except one minor correction in proposed Gross Berth Day Output for main line vessels at as “20 moves per hour per crane” instead of “20 moves per hour”.

B. For Phase - II:

(i). **Estimation of Optimal Capacity**:

(a). Container Cargo:

(i). Estimation of Optimal Quay Capacity:

Out of the Total berth length of 350 m, as per the norms, three MHCs are envisaged. Due to constraint in storage yard and the limitation of yard capacity, NMPT proposes only 2 MHCs in phase I (2020). The capacity of the berth is proposed to be kept with the minimum requirements in order to minimize the capital cost of the project, to optimize the productivity and minimize rate per TEU to be handled at the NMPT in comparison with other neighbouring ports. Similar proposal has been accepted by TAMP in its Order for fixation of Tariff for Container Terminal at NMPT (Case No.TAMP/56/2016-NMPT dated 01-03-2017). The optimal quay capacity for container handling is assessed as follows:

A = Number of gantry cranes deployed for work in an year (Harbour Mobile Cranes)	3 nos.
B = Number of working hours of gantry cranes in an year	8,760hrs (24 hrs x 365 days)
C = Average number of moves per gantry crane	20 nos.
D = TEU ratio	1.3
E = 70%	70%
Share of Container Cargo	75%
Thus, Optimal Quay Capacity = (A * B * C * D * E)*75%	3,58,722 TEUs

Based on the above, the Optimum Quay Capacity for Container Cargo is calculated to 3,58,722 TEUs. Further, in terms of tonnage handled, the Optimum Quay Capacity for Container Cargo is 5.38 MTPA.

(ii). Estimation of optimal yard capacity:

The total backup area available for Phase II is 14 hectares.

Total Area	Ha	14
G = Total ground slot	TEUs per Ha	360
H = Average Stack height	ratio	2.5
P = Period in No. of days	days	365
S = Surge factor	ratio	1.3
D = Average Dwell Time*	days	7
Thus, Optimal Yard Capacity	TEUs	3,53,769

= 0.7 * (G * H * P) / (S * D)		

* Ground slots per hectare taken as 360 which is practically possible.

* Average of 4 days for full containers & 10 days for empty containers.

Hence, the Total Optimal Yard Capacity for Container Cargo is 3,53,769 TEUs. Further, in terms of tonnage handled, the Optimum Yard Capacity for Container Cargo is 5.31 MTPA.

(c). Other Cargo:

Calculation of Optimum Capacity for Other Clean Cargo:

The parcel size as per DPR is 45000 Tonnes.
Share of Cargo = 25%
P1 = Handling rate per day of vessel =10000 TPD
S1 = Percentage Share of Cargo =100%
Optimum Quay Capacity = 0.7 * (S1/100) * P1 * 365*25%
= 0.64 MTPA

As shown above, the optimal quay capacity for Other Cargo is estimated to be 0.64 MTPA.

(d). Optimal Terminal Capacity:

As per the Guidelines of 2008, optimal terminal capacity is the lower value of the optimal quay capacity or optimal yard capacity. According to the calculations undertaken in the earlier sections, optimal capacity is determined as below:

Parameters	Container Cargo		Other Cargo	Total
Quay Capacity	3,58,722 TEUs	5.38 MTPA	0.64 MTPA	
Yard Capacity	3,53,769 TEUs	5.31 MTPA	NA	
Optimal Capacity	3,53,769 TEUs	5.31 MTPA	0.64 MTPA	5.95 MTPA

(ii). **Capital Cost:**

(a). **For Container Cargo:**
The Estimated Capital cost for Container Cargo Handling Facilities are given below: **(₹ in crores)**

Particulars	Units Nos.	Amount
Civil Construction cost		
Civil Works		69.75
Utilities		15.31
Subtotal		85.06
Container Handling equipment		
Harbour Mobile Crane (HMC)	3	99.60
Reach Stacker	9	34.30
Empty Container Handler	2	5.89
Subtotal		139.80
IT System/ Instrumentation Cost *(2% of civil construction and container handling equipment cost)*		4.50
Other Cost including PMC and contingency (10% of civil construction and container handling equipment cost)		22.94

Operative and Financing Charges		2.86
Interest During Construction		4.23
Grand Total		**259.38**

(b). **For Other Clean Cargo:**
The estimated cost for developing handling facilities for Other Cargo is shown in the table below:

(₹ in crores)

Particulars	Amount
Civil Construction cost	0.00
Container Handling equipment	
Harbour Mobile Crane (2 nos.)	18.00
Mobile Hoppers (2 nos.)	1.00
IT System/ Instrumentation Cost	0.38
Subtotal	19.00
Miscellaneous Cost (10% of civil and equipment cost)	1.94
Grand Total	**21.32**

(c). The total estimated cost for developing handling facilities for container cargo and Other Cargo is shown in the table below:

(₹ in crores)

Type of Cargo	Total Estimated Capital Cost
Container Cargo	259.38
Other Cargo	21.32
Total	**280.70**

(iv). **<u>Operating cost:</u>**

(a). For Container Cargo:
<u>Calculation of Operating cost for Container Cargo:</u>

(₹ in crores)

Sr. No.	Particulars	Amount	Unit
(i).	**Power Costs**		
(a).	Power consumption	8.00	KWH/ TEU
(b).	Cost per Unit (KWH)	10.00	₹ / Unit
(c).	Power for illumination	3.94	₹ Crores
(d).	Power of Reefer Plugs	1.71	₹ Crores
(e).	Total Power cost	**5.65**	₹ Crores
(ii).	**Fuel Costs**		
(a).	Cost per Unit (Litre)	75.00	₹ / Litre
(b).	Fuel Cost = Fuel Consumption Norm x Fuel Rate x Optimal Capacity	10.61	₹ Crores
(c).	Additional Fuel for MHC (4000 hrs. @ 70 litres per hour/crane)	4.73	₹ Crores
(d).	Total Fuel Cost	**15.34**	₹ Crores
(iii).	**Hire Cost for Trucks**		
(a).	Hire Cost for Trucks	**6.21**	₹ Crores
(iv).	**Repair & Maintenance Costs**		
(a).	Civil Assets (1% on civil work)	**0.85**	₹ Crores
(b).	Mechanical & Electrical Equipment including spares (2% on equipment cost)	**2.89**	₹ Crores
(v).	**Insurance Costs**		
(a).	Insurance Costs (1% of Gross Fixed Asset Value)	**2.29**	₹ Crores
(vi).	**Depreciation**		
(a).	Civil Work @ 3.17%	**2.70**	₹ Crores
(b).	Mechanical Work @ 9.50%	**13.28**	₹ Crores
(c).	IT / Instrumentation @ 16.21%	**0.73**	₹ Crores

(vii).	**License Fee for Land** (rentals for land and other port assets)		
(a).	Licence Fee per month for paved yard	51.58	₹ per sqm/ month
(b).	Licence Fee per month for open yard	27.86	₹ per sqm/ month
(c).	Licence Fee for Land	**8.23**	₹ Crores
(viii).	**Other Expenses**		
(a).	Other Expenses towards salaries and overheads (15% on gross fixed assets)	**34.40**	₹ Crores
(ix).	**Total Operating Costs at Optimal Capacity**	**92.57**	**₹ Crores**

(b). Calculation of Operating cost for other clean cargo handling:

(₹ in crores)

Sr. No.	Particulars	Amount	Unit
(i).	**Power Costs**		
(a).	Power Consumption for illumination	24,00,000	kWh / Ha /year
(b).	Cost per Unit (KWH)	10.00	₹ / kWh
(c).	Total Power Charges	**0.07**	₹ Crores
(ii).	**Fuel Costs**		
(a).	Cost of Fuel	75.00	₹ / Litre
(b).	Fuel Consumption	70.00	Litres / hour / Crane
(c).	Number of Hours	4000.00	Hours
(d).	**Total Fuel Cost**	**1.58**	₹ Crores
(iii).	**Truck Lease Cost**		
(a).	**Lease Cost**	**0.60**	₹ Crores
(iv).	**Repair & Maintenance Costs**		
(a).	Civil Assets (1% on civil work)	**0.00**	₹ Crores
(b).	Mechanical & Electrical Equipment including spares (2% on equipment cost)	**0.39**	₹ Crores
(v).	**Insurance Costs**		
(a).	Insurance Costs (1% of Gross Fixed Asset Value)	**0.19**	₹ Crores
(vi).	**Depreciation**		
(a).	Civil Work @ 3.17%	**0.00**	₹ Crores
(b).	Mechanical Work @ 9.50%	**1.81**	₹ Crores
(c).	IT / Instumentation	**0.06**	₹ Crores
(vii).	**License Fee for Land**		
(a).	Licence Fee for Land	**0.00**	₹ Crores
(viii).	**Other Expenses**		
(a).	Other Expenses towards salaries and overheads (5% on gross fixed assets)	**0.97**	₹ Crores
(ix).	**Total Operating Costs at Optimal Capacity**	**5.67**	**₹ Crores**

(c). The total estimated operating cost for developing handling facilities for container cargo and other clean cargo is shown in the table below:

(₹ in crores)

Type of Cargo	**Total Estimated operating Cost**
Container Cargo	92.57
Other Clean Cargo	5.67
Total	**98.23**

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

(vi). Accordingly, the revenue requirement estimated by NMPT is as follows:

(a). Annual Revenue Requirement: (**₹ in crores**)

Sl. No.	**Particulars**	**Amount**
1.	**For Container Cargo**	
(i).	ROCE @ 16% (₹259.38* 16%)	41.50
(ii).	Operating cost	98.23
(iii).	Total Revenue Requirement	134.07
2.	**For Other Clean Cargo**	
(i).	ROCE @ 16% (₹21.32* 16%)	3.41
(ii).	Operating cost	5.67
(iii).	Total Revenue Requirement	9.08

(b). Apportionment of Revenue Requirement: (**₹ in crores**)

Particulars	**For Container Cargo**		**For Other Clean Cargo**	
Total Revenue Requirement	134.07		9.08	
Revenue apportionment for				
Cargo Handling Charges	120.66	90%	9.08	100%
Ground Rent Charges	9.38	7%	0.00	0%
Miscellaneous Charges	4.02	3%	0.00	0%

(vii). The tariff proposed by the NMPT to meet the estimated revenue requirement is as follows:

(a). Container Related Charge:

(i). **Handling Charges:**

(a). Normal & Reefer Containers (Upto 20' length):

Sl. No.	**Description**	**Rate per TEU (in ₹)**			
		Foreign Container		**Coastal Container**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	From Ship to container yard or vice versa	3,005.04	2,404.03	1,803.03	1,442.42
2.	From Container yard to Railway flat or vice versa	1,502.52	1,502.52	1,502.52	1,502.52
3.	From Container yard to Truck or vice versa	450.76	450.76	450.76	450.76

(b). The NMPT has also proposed separate tariff Phase-II for Normal & Reefer Containers (20' to 40' length), Normal & Reefer Containers (Above 40' length), Hazardous Containers, Transhipment Containers and Over Dimensional Cargo Container.

(ii). **Ground Rent Charges**:

Sr. No.	**Particulars**	**Rate per container per day or part thereof (in ₹)**					
		Foreign			**Coastal**		
		Upto 20' in length	**Over 20' to upto 40' in length**	**Above 40' in length**	**Upto 20' in length**	**Over 20' to upto 40' in length**	**Above 40' in length**
1.	Import-loaded						

	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	185.59	371.17	556.76	185.59	371.17	556.76
	9-15 days	371.17	742.36	1,113.53	371.17	742.36	1,113.53
	Thereafter	742.36	1,484.71	2,227.07	742.36	1,484.71	2,227.07
2.	Export-Loaded						
	First 5 days	Free	Free	Free	Free	Free	Free
	6-8 days	185.59	371.17	556.76	185.59	371.17	556.76
	9-15 days	371.17	742.36	1,113.53	371.17	742.36	1,113.53
	Thereafter	742.36	1,484.71	2,227.07	742.36	1,484.71	2,227.07
3.	Import / Export – Empty						
	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	185.59	371.17	556.76	185.59	371.17	556.76
	9-15 days	371.17	742.36	1,113.53	371.17	742.36	1,113.53
	Thereafter	742.36	1,484.71	2,227.07	742.36	1,484.71	2,227.07
4.	Transhipment – Loaded						
	First 15 days	Free	Free	Free	Free	Free	Free
	16-30 days	185.59	371.17	556.76	185.59	371.17	556.76
	Thereafter	371.17	742.36	1,113.53	371.17	742.36	1,113.53
5.	Transhipment – Empty						
	First 7 days	Free	Free	Free	Free	Free	Free
	8-15 days	185.59	371.17	556.76	185.59	371.17	556.76
	Thereafter	371.17	742.36	1,113.53	371.17	742.36	1,113.53

(iii). **Miscellaneous Charges:**

(a). Reefer Monitoring and Connection:

Sl. No.	**Description**	**Rate per TEU (in ₹)**			
		Foreign Going Vessel		**Coastal Vessel**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	Additional charges per 4 hours or part thereof for electricity consumption and monitoring of reefer containers	308.75	308.75	308.75	308.75

(b). Other Services Rendered:

Sl. No.	**Description**	**Rate per TEU (in ₹)**			
		Foreign Going Vessel		**Coastal Vessel**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	Shifting of containers from one yard to another yard within the terminal for customs inspection or any other Purposes and subsequent loading of Containers for delivery.	1,497.42	1,497.42	1,497.42	1,497.42
2.	Additional service charges for stacking Containers in designated yard for custom examination or for any other purpose by prior arrangement.	449.23	449.23	449.23	449.23

(c). Opening of Hatch Cover and Replacing it:

Sl. No.	**Description**	**Rate per Hatch Cover (in ₹)**	
		Foreign Vessel	**Coastal Vessel**
		Loaded	**Loaded**
1.	When placing it on the Quay	5,989.67	3,593.80
2.	Without placing it on the Quay	2,902.20	1,741.33

(d). One Hatch to another Hatch or within the Same Hatch:

Sl. No.	**Description**	**Rate per Hatch Cover (in ₹)**			
		Foreign Vessel		**Coastal Vessel**	
		Loaded	**Empty**	**Loaded**	**Empty**
1.	Hatch to hatch shifting (involving 1 move only)	1,497.42	1,497.42	898.45	898.45

2.	Other than (a) mentioned above	5,989.67	5,989.67	3,594.00	3,594.00

(b). Other Clean Cargo related charges:

Cargo Handling Charges:

Sl. No.	Commodity	Rate per tonne (in ₹)	
		Foreign	Coastal
1	Handling Charges for - Fertilizer, Limestone, Gypsum, Dolomite	161.47	96.88

(viii). **Performance standard:**

The estimated performance standards are same as estimated in proposal dated 11 September 2018 except one minor correction in proposed Gross Berth Day Output for main line vessels at as "20 moves per hour per crane" instead of "20 moves per hour".

9.3. The NMPT has submitted the revised detailed Project Report and Board Resolution approving revised proposal as well for the said project along with its revised proposal.

10. The NMPT vide its email dated 20 December 2018 has also confirmed that revised proposal dated 23 November 2018 is uploaded on website of NMPT as well.

11.1. However, on perusing the NMPT letter dated 23 November 2018 furnishing revised calculation for Phase-I and Phase-II, it was seen that there are still few gaps in the calculation and information on a few points furnished by NMPT which was pointed out to the Port.

11.2. On review of its proposal dated 23 November 2018, the NMPT vide its email dated 29 December 2018 has made the following submissions:

(i). The Feasibility Report of proposal for Upfront Tariff Setting for mechanisation of Berth No.14 for handling of Containers and other clean Cargo envisages the project in 2 phases. The proposal of NMPT had initially sought approval of reference tariff for phase-I of the said project. However, since as per the feasibility Report additional investments on equipment are envisaged in Phase-II, the prospective bidders sought tariff for both the Phases before bidding to enable the bidders to prepare the business Plan. Accordingly NMPT submitted proposal for Reference Tariff for the two phases vide its letter dated 23 November 2018.

(ii). Based on the observations made by TAMP vide letter dated 13 November 2018 to furnish its reply to additional information / clarification on the original proposal of NMPT the original proposal was reviewed and updated. After updation the proposed tariff for the two phases computes as follows:

Particulars	Container		Cargo	
	Phase I	Phase II	Phase I	Phase II
Proposal submitted to TAMP	2,976.70	3,005.04	146.80	161.47
Proposed rate (after review and updation)	3,107.54	3,034.17	83.04	84.37

NMPT has also considered different other options for having separate Tariff for the two Phases. As one of the options 'Container cargo': 'Other cargo' sharing pattern was taken at 90:10 for Phase II instead of 75:25 as taken for Phase I. The tariff under this option is as follows:

Particulars	Container		Cargo	
	Phase I	Phase II	Phase I	Phase II
Proposed rate (after review and updation)	3,107.54	3,145.30	83.04	60.21

The other option considered was to escalate the Operating cost for Phase II by 3%. Under this option the tariff was as follows:

Particulars	Container	Cargo

	Phase I	Phase II	Phase I	Phase II
Proposed rate (after review and updation)	3,107.54	3,242.82	83.04	89.42

After considering all the above options, it was clear that Phase II tariff will be less than Phase I Tariff (after applying indexation factor to Phase I Tariff). This will be a negative factor to attract the bidders for this project.

(iii). In view of the forgoing, it is proposed to withdraw the NMPT present proposal for fixation of reference tariff for Mechanization of Berth No.14 for handling containers and other clean cargo on DBFOT basis at NMPT following the principles of tariff guidelines of 2008 under Tariff Guidelines, 2013 in two Phases. NMPT will examine and submit the new proposal.

12.1 The NMPT vide its letter dated 29 December 2018 has come up with another revised proposal for the same project for fixation of Reference Tariff for Mechanization at Berth No.14 for handling containers and other clean cargo on DBFOT basis at NMPT adopting Reference Tariff approved by this Authority vide Order No.TAMP/56/2016-NMPT dated 04 January 2017 for the same project at berth no.8 on PPP mode at NMPT, under the revised Guidelines for Determination of Tariff for Port Projects at Major Ports, 2013. The main submissions made by the NMPT in the proposal are summarized below:

(i). This project envisages mechanization of berth no.14 on PPP mode at NMPT for handling containers and other clean cargo at an estimated capital cost of ₹280.71 Crores (Rupees Two Hundred Eighty Crores and Seventy One Lakhs) only. The mechanization of berth no.14 will enable efficient handling of containers and other clean cargo. The project will be taken up in 2 phases. The Optimal Capacity of the terminal shall be 3.10 MTPA in Phase-I and shall be upgraded to 5.95 MTPA in Phase-II. The concession period for the project is 30 years. Phase-I of the project is scheduled to be completed within 12 months from the date of award of concession and Phase-II shall be commenced within 18 months of achieving 1.80 lakhs TEUs or within 7 years of commencement of commercial operation of Phase-I, whichever is earlier. The second phase shall be completed within one year of commencement of work.

(ii). (a). The equipment proposed for this project consist of 2 nos. of Harbour Mobile Cranes (MHCs) of 100T capacity, 6 nos. of Reach Stackers, 1 Empty Container Handler and 2 Mobile Hoppers in Phase-I. In addition to this, 1 no. of MHC of 100T capacity, 3 nos. of Reach Stackers, 1 Empty Container Handler are proposed to be installed in Phase-II.

(b). Total 9.24 Ha area (6.5 Ha stacking area, 1.225 Ha berth area and 1.513 Ha area behind berth) will be provided to concessionaire in Phase-I and an additional 7.5 Ha stacking area shall be provided in Phase-II for developing this facility at NMPT.

(iii). Salient Features of the proposed project are as follows:

Particulars	Details
Name of Project	Mechanization of Berth No.14 for handling Containers and Other Clean Cargo on DBFOT basis at NMPT.
Location of the project	NMPT
Optimal capacity of Terminal	3.10 MTPA (Phase-I) / 5.95 MTPA (Phase-II)
Land Area	9.24 Ha (Phase-I) / 7.5 Ha (Phase-II)
Quay Length	350 m
Berthing facility Features:	
Design Vessel Size For berths	90,000 DWT / 4000 TEU
Draft at Berths	14.0 m
Total length of Approach channel	7.5 km

Dredge Depth in the Navigational channel	(-) 15.4 m below CD	
Capital Cost Estimates	**Phase-I (₹ Crores)**	**Phase-II (₹ Crores)**
Civil Cost	7.36	62.39
Mechanical	97.60	76.51
Miscellaneous Assets	2.10	2.78
Engineering and Project Management	5.35	7.08
Contingency	5.35	7.08
Preoperative & Financing Charges	2.87	--
Interest During Construction	4.23	--
Grand Total	**124.86**	**155.85**
Total Capital Cost	**₹280.71 Crores**	

(iv). NMPT has already issued Request for Qualification (RFQ) in June, 2018 for the current project. The RFP for the project will be prepared based on the Reference Tariff submitted in the proposal and approved by this Authority.

(v). The present project is basically a Container Terminal in which 25% other clean cargo will be handled along with containers 75% share. TAMP had notified tariffs for a similar project viz. Development of Container Terminal and for handling other cargo at berth no.8 on PPP mode at NMPT vide Gazette No.84 dated 01 March 2017. Therefore, NMPT proposes to follow the Reference Tariff for the present project by considering indexation factor as 1.20% for year 2017-18 and 2.07% for year 2018-19 in pursuance to the annual indexation factors notified by this Authority.

(vi). Performance Standards:

(a). The Performance standard for handling of containers have been proposed at 20 moves per hour per crane as against 25 moves per hour per crane, which was notified in the for berth no.8 on PPP mode at NMPT vide Gazette No.84 dated 01 March 2017. The above deviation has been proposed owing to the change in handling equipment. In the present proposal, MHCs have been proposed for handling containers instead of RMQCs. Since efficiency of MHC is lower than that of RMQC, achieving same handling rate using MHCs is a practical constraint.

(b). As regards other clean cargo, port has proposed Performance Standard at 12,500 T/day as against 7560 T/day notified earlier since the handling equipment has been changed to MHCs from Ship's gear. MHC can achieve a much higher handling rate.

(c). The transit storage dwell time for loaded and empty containers has been proposed as 4 days and 10 days respectively. The same has been recommended in the DPR based on the projected traffic, handling equipment and ground slots available.

(vii). The highest upfront tariff adopted by the Port vide Order No.TAMP/56/2016-NMPT dated 04 January 2017 for fixation of Reference Tariff for the current project is representative.

12.2. The NMPT has attached the proposed 'Reference Tariff Schedule' adopting the SOR approved by this Authority vide No.TAMP/56/2016-NMPT dated 04 January 2017 and applying indexation factor of 1.20% for the year 2017-18 and 2.07% for the year 2018-19.

The proposed Reference Tariff Schedule does not include storage charge. A note is inserted to state that storage has not been prescribed as DPR does not propose any storage area for other clean cargo.

12.3. The Performance Standards proposed by the NMPT are as follows:

(a). Gross Berth Output:

(i). **Container Cargo**:

Cargo Category	Indicative Norms
Container	
(Mainline vessel)	(20 moves per hour)
(Feeder vessel)	(14 moves per hour)

(ii). **Other Clean Cargo*:***

Cargo Category	Indicative Norms
Mixed dry bulk cargo - Other Clean Cargo (Fertilizer, Limestone, Gypsum, Dolomite) using ship gear	12,500 T/day

(b). Transit Storage Dwell Time:

Transit Storage Dwell Time	
- Full Container (at terminal)	4 days
- Empty Container (at terminal)	10 days

12.4. Subsequently, in continuation to its earlier letter dated 29 December 2018, NMPT vide its email dated 01 January 2019 has confirmed that the subject proposal has been forwarded after the Port obtaining approval of Competent Authority of NMPT.

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

14. With reference to the totality of the information collected, the following position emerge:

(i). The proposal of the New Mangalore Port Trust (NMPT) is for fixation of Reference Tariff for Mechanization of Berth No.14 for handling containers and other clean cargo on Design, Build, Finance, Operate and Transfer (DBFOT) basis at NMPT. The port has filed the proposal under the reference tariff guidelines 2013 adopting Reference Tariff approved by this Authority for development of container terminal and for handling other cargo at berth no.8 on Public Private Partnership (PPP) mode at NMPT for a period of 30 years vide Order No.TAMP/56/2016-NMPT dated 04 January 2017.

The Association of New Mangalore Port Stevedores (ANMPS), Mangalore Steamer Agents Association (MSAA), Mangalore Custom House Agents Association (MCHAA), New Mangalore Port C & F Agents Association (NMPCFAA) and New Mangalore Port Users Welfare Association (NMPUWA) have objected to the mechanisation of berth no.14 on PPP mode and suggested for mechanisation of the berth other than berth no.14. The mandate given to this Authority under section 48 of the Major Port Trusts Act, 1963 is to fix the SOR and conditionalities governing of the application of SOR for the services rendered by a Port Trust or by person authorised under Section 42 of the Act. The Authorisation by a Port Trust and the port facility to be authorised for the services rendered by an Operator falls under the domain of the Port Trust. This Authority cannot go into the objections of the above said Association for Mechanisation of berth No.14 on PPP mode.

The validity of the rates approved in the said Order is for 30 years subject to indexation of the prescribed rate at 60% of WPI with base year 01 January 2016.

As brought out in earlier paragraphs, the port invited bids based on the reference tariff approved by this Authority in January 2017 for the development of container terminal and for handling other cargo at berth no.8 on PPP mode. However, due to poor response, the NMPT has discharged the tender. The NMPT has, therefore, decided to go for a fresh proposal for Mechanization of Berth No.14 for handling of Containers and Other Clean Cargo at NMPT and to re-invite bids. The NMPT has already issued Request For Qualification (RFQ) in June, 2018 for the project "Mechanization of Berth No.14 for handling Containers and Other Clean Cargo on DBFOT basis at NMPT. Since the Request for Proposal (RFP) documents for the project should contain reference tariff for the project, the NMPT has submitted the current proposal seeking approval of reference tariff adopting the reference tariff approved by this Authority vide Order dated 4 January 2017 at NMPT for the same project applying applicable annual indexation factor.

(ii). As brought out in the factual portion of the note, the equipment profile envisaged in the earlier project for Mechanisation of Berth No.8 for handling container and clean cargo, was RMQCs and Rubber Tyred Gantry Crane (RTGCs) for container handling and ship gears for handling other clean cargo. In current proposal, the NMPT envisages mechanisation of for berth no.14 for handling container and clean cargo with deployment of 2 nos. of Harbour Mobile Cranes (MHCs) of 100T capacity, 6 nos. of Reach Stackers, 1 Empty Container Handler and 2 Mobile Hoppers in Phase-I and in addition to this, 1 no. of MHC of 100T capacity, 3 nos. of Reach Stackers, 1 Empty Container Handler are proposed to be installed in Phase-II. The Port has confirmed that the total capital cost of current project at ₹280.71 crores is comparable to the capital cost of ₹278.96 crores considered to arrive at the reference tariff approved by this Authority vide Order dated 04 January 2017. The current proposal filed by NMPT has been approved by the Competent Authority of the Port.

The NMPT has, therefore, filed a proposal seeking approval of Reference Tariff for Mechanization of Berth No.14 for handling containers and other clean cargo on DBFOT basis at NMPT adopting ceiling tariff fixed by this Authority vide Order No.TAMP/56/2016- NMPT dated 04 January 2017 after applying applicable indexation factor.

(iii). Clause 2.2. of the Revised Tariff Guidelines of 2013, inter alia, stipulates that the Reference Tariff to be proposed by the port will be the highest tariff fixed for that commodity / service in the concerned Major Port Trust under the 2008 Tariff Guidelines.

The berth length of the current project at Berth No. 14 at 350 mtrs which is found to be same as the berth length of Berth No. 8 for which reference tariff was approved in January 2017. The cargo profile i.e. proposed i.e. container handling and other clean cargo viz. dolomite, fertilizer, gypsum and limestone are also the same in the earlier project and current project.

(iv). It is relevant to state that port had filed a separate proposal seeking reference tariff based on Phase-I investment for the current project. The proposal was taken up for consultation and joint hearing was held. Additional information / clarification sought from the port. Subsequently, port based on the request made by the prospective bidders had revised its proposal and furnished rates in phase wise manner as follows for the above level of investments:

Particulars	**Phase I**		**Phase II**	
	Container	**Cargo**	**Container**	**Cargo**
Proposal submitted to TAMP (in ₹)	3,107.54	83.04	3,034.17	84.37
Investment (₹ in crores)		124.86		155.85

Since the tariff for the main item, for the activity of movement from ship to container yard or vice versa for Phase-II with additional investment worked out less than Phase-I tariff (which is on account of increase in optimal capacity in Phase-II), the port has withdrawn its proposal citing that the above said tariff will be a negative factor for this project. Thus, though the port envisages investment to be made by the bidders in two phases this does not have any significant impact on final tariff. In fact, the tariff for Phase-II worked out by NMPT is lower than Phase-I tariff. In short, the proposal of the NMPT fits in options prescribed in clause 2.2 of the Reference Tariff Guidelines, 2013.

(v). The Port has vide its letter dated 11 September 2018 has stated that based on reference tariff approved by this Authority vide Order dated 4 January 2017 for deployment of container terminal and for handling other cargo at berth no.8. Port had invited bids. However, only one bid was received and hence bid was discharged for said project. Therefore, the Port has now filed fresh proposal with some modification in the equipment profile.

(vi). In view of the above position and recognising that the reference tariff approved by this Authority vide Order No.TAMP/56/2016-NMPT dated 4 January 2017 after consulting the stakeholders is based on the norms and principles of the Upfront Tariff Guidelines of 2008 as permissible under Reference Tariff Guidelines of 2013, this Authority goes with the proposal of the NMPT for adoption of the reference tariff approved in the said Order. The port has confirmed that the highest Reference Tariff approved vide Order dated 04 January 2017 for development of container terminal and for handling other cargo at berth no.8 is representative enough for the current project.

(vii). In the Reference Tariff schedule for development of container terminal and for handling other cargo at berth no.8 approved by this Authority vide Order No.TAMP/56/2016- NMPT dated 04 January 2017, note no.5(i) prescribes that 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 2016 and 1 January of the relevant year. Since the base year of WPI for indexation in the said Order is prescribed as 1 January 2016, the NMPT has proposed indexed rate after applying indexation factor at 1.20% for year 2017-18 and 2.07% for year 2018-19 announced by this Authority for Major Ports under Tariff Policy, 2015 for the respective years.

The indexed rate proposed by NMPT applying indexation factor at 1.20% for year 2017-18 and 2.07% for year 2018-19, over the rates approved by this Authority with base year January 2016 is found to be in order with clause 2.2. of the Tariff Guidelines, 2013. Therefore, cargo-wise indexed rate proposed by NMPT indexing the adopted rate approved in January 2017 Order is approved.

The Port has proposed indexed rate for all the tariff items of container handling adopting the reference tariff in the SOR approved January 2017 Order after applying applicable indexation. As regards other cargo, the SOR approved in January 2017 prescribes cargo handling charge and storage charge. The Port has proposed indexed rate for cargo handling charge. However, as regards storage charge, the NMPT has not proposed indexed storage charges on the ground that as no storage area for other clean cargo is envisaged in the DPR. The Port has proposed a note in this regard. Since no storage facility is envisaged for storage of clean cargo the proposal of NMPT not to propose storage charge for other clean cargo is accepted. The note proposed by NMPT is incorporated in the SOR as proposed by the Port with slight modification.

(viii). (a). For other clean cargo, the note under the schedule of cargo handling charge prescribed in the SOR approved by this Authority in the Order dated 4 January 2017 is modified by the Port to exclude storage services from the list of services covered under composite cargo handling charge. The proposed modified note is approved as storage for other cargo is not envisaged by the Port in the scope of the work of BOT Operator in the current project.

(b). The NMPT has proposed to delete note no.(v) and (vi) prescribed in the adopted Scale of Rates dated 04 January 2017. The said two notes relate to conversion of Container related charges denominated in US dollar terms into equivalent Indian Rupee and review of exchange rate. Since no dollar denominated rates are prescribed in the proposed SOR, the proposed deletion is in order and hence is accepted.

(c). The NMPT has proposed to insert the two notes approved by this Authority vide Order No.TAMP/53/2015-VOCPT dated 25 September 2018 regarding concession in vessel related charges and cargo related charges on coastal goods transported between an Indian port on east coast and another Indian port on west coast or vice versa, by a vessel through the territorial waters of Sri Lanka or Bangladesh. Since the proposed notes are in line with the common Order approved by this Authority for incorporation in SOR of all Major Port Trusts and BOT operators, the same is prescribed as proposed by the Port.

(d). The note no.vii(a) and (b) of the proposed SOR proposes interest on delayed payments / refunds at 15% per annum. The relevant note prescribed in the adopted SOR approved in January 2017 Order stipulate penal interest for delayed payment / refund at 2% above the Prime Lending Rate of the State Bank of India. In the other upfront tariff / reference tariff cases also penal interest is prescribed at 2% above Prime Lending Rate of the State Bank of India. That being so, the proposed notes is modified in line with the general prescription in the other upfront / reference tariff cases.

(e). The unit of levy for miscellaneous charges for movement of containers within the hatch or from hatch to hatch prescribed in the adopted SOR approved in January 2017 Order is “rate per hatch cover”. The NMPT has proposed to modify it as ‘Rate per TEU (₹)’. The modified unit of levy is in line with prescription in the upfront / reference tariff approved by this Authority in other Container Terminals vide Order no.TAMP/65/2014-JNPT dated 16 March 2015 and Order no.TAMP/71/2017-BMCTPL dated 27 December 2017 etc. Therefore, the proposed modification by the port in unit of levy for movement of containers within the hatch or from hatch to hatch as ‘Rate per TEU (₹)’ instead of “rate per hatch cover” is approved.

(ix). The note proposed by NMPT governing the indexation of reference tariff for future period is with reference to 1 January 2019. Since the reference tariff is to be notified in the year 2019 duly, indexation for future period will be with reference to 1 January 2019. Therefore, the general note as proposed now by NMPT is notified without any modification.

(x). All the other conditionalities governing the application of the rates as approved in the Scale of Rates of the Order dated 04 January 2017 proposed for incorporation by the NMPT is prescribed as proposed by the Port.

(xi). Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards. The Performance standard for handling of containers has been proposed at 20 moves per hour per crane as against 25 moves per hour per crane, notified in the adopted reference tariff Order dated 04 January 2017 which was based on handled by RMQC. The Port has justified that in the current proposal, handling equipment envisaged is 100T MHCs as against handling by RMQCs in the January 2017 Order. The Port has stated that efficiency of MHC is lower than that of RMQC. Hence achieving same handling rate of 25 moves / hour / crane using 100T MHC is a practical constraint. In this regard it is relevant to state that for 100T HMC, the handling norm considered by this Authority for container is 20 moves / hour / crane in other cases where HMC is envisaged by the port. In view of the above position and justification furnished by the Port, Performance Standard proposed by the port is approved and prescribed.

For feeder vessel, the Performance Standard approved in January 2017 Order is 17 moves / hour. In the current proposed, the Port has proposed Performance Standard for feeder vessel of 14 moves / hour/crane For reasons explained earlier, the proposed Performance Standard for feeder vessel is prescribed at 14 moves / hour per crane as proposed by the Port.

The Performance Standards for other cargo prescribed in January 2017 Order is 7,560 T / day which is for handling by ship gears. In the current proposal, Port envisages to handling other clean cargo through 100T HMC. The Port has, therefore, proposed Performance Standard for other clean cargo at 12,500 T/day as against 7,560 T/day notified earlier. The handling rate considered by this Authority for 100T HMC in other cases is 12,500T / day per HMC for handling dry bulk cargo. Hence, the Performance Standard proposed is approved. Since the handling rate is per HMC, it is corrected as i.e. 12,500T / day / HMC.

The Performance Standard for transit storage dwell time prescribed in January 2017 Order is 4 days for Import container and 5 days for export container. In the current proposal, the Port has proposed Performance Standards at 4 days for laden and 10 days for empty container citing that it is recommended in the DPR based on projected traffic, handling equipment and ground slots available. Since the proposal Performance Standard is stated to be as per the DPR, this Authority goes with the proposal of the Port relying on the position clarified by the Port.

(xii). **If there is any error apparent on the face of records considered or for any other justifiable reasons, the NMPT may approach this Authority for review of the reference tariff fixed, prior to completion of bidding process of the project giving adequate justification/ reasoning within 30 days from the date of notification of the Order in the Gazette of India.**

15.1. Subject to above, the Reference Tariff Schedule and the Performance Standards for handling containers and other clean cargo at Berth No.14 as proposed by the port are attached as **Annex – I** and **Annex – II** respectively.

15.2. In the result, and for the reasons given above, and based on a collective application of mind, the proposed Reference Tariff Schedule for handling containers and other clean cargo at Berth No.14 at NMPT is approved and notified along with the Performance Standards, which is attached as **Annex – I** and **Annex – II**. The approval of this Authority is granted subject to Board of Trustees of NMPT according approval to the proposed Reference Tariff and Performance Standards for this project

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

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

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

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

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

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

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

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

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

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

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

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

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

(T.S. Balasubramanian)
Member (Finance)

ANNEX – I

INDEXED REFERENCE TARIFF SCHEDULE FOR MECHANISATION OF BERTH NO.14 FOR HANDLING OF CONTAINERS AND OTHER CLEAN CARGO ON DBFOT BASIS AT NEW MANGALORE PORT TRUST

1. DEFINITIONS

(i) **"Back To Town Container"** shall mean a container entering the port for export but unable to be exported for whatever reason and taken back to town.

(ii) **"Coastal vessel"** shall mean any vessel exclusively employed in trading between any port or place in India to any other Port or place in India having a valid coastal license issued by the Competent Authority/ Directorate General of Shipping.

(iii) **"Container"** shall mean the standard ISO container, suitable for the transport and stacking of cargo and must be capable of being handled as a unit and lifted by a crane with a container spreader.

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

(v) **"Demurrage"** shall mean charges payable for storage of containers in transit area within the Terminal premises beyond free period, as specified in the Scale of Rates.

(vi) **"Export container"** means a container arrived by road or Train, stored in container yard and loaded on the assigned vessel.

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

(viii) **"Free period"** shall mean the period during which container is allowed storage free of demurrage charges/ground rent and this period shall exclude Customs notified holidays and Terminal's non-operating days.

(ix) **"Full Container Load"** (FCL) shall mean a container containing cargo belonging to one consignee in the vessel's manifest.

(x) **"Hazardous container"** means a Container containing hazardous goods as classified under IMO (International Maritime Organisation).

(xi) **"ICD"** shall mean Inland Container Depot.

(xii) **"Import container"** means a container discharged from one vessel, stored in container yard and transported out through Road or Train.

(xiii) **"Less than a Container Load"** (LCL) shall mean a container containing cargo belonging to more than one consignee in the vessel's manifest.

(xiv) **"Normal Container"** shall mean general type containers, not falling under special categories mentioned subsequently.

(xv) "**Other Cargo**" shall mean Fertilizer, Limestone, Gypsum and Dolomite.

(xvi) **"Over dimensional Container"** shall mean a container carrying over dimensional cargo beyond the normal size of standard containers and needing special devices like slings, shackles, lifting beam etc. Damaged Containers (including boxes having corner casting problem) and Container requiring special devices for lifting is also classified as Over Dimensional Container.

(xvii) **"Per day"** shall mean a calendar day or part thereof unless otherwise stated.

(xviii) **"Port"** shall mean New Mangalore Port Trust.

(xix) **"Port area"** means the custom bound area / Port operational Area of the Port.

(xx) **"Reefer Container"** shall mean a refrigerated container used for carriage of perishable goods with provision for electrical supply to maintain the desired temperature.

(xxi) **"Shut out Container"** shall mean a container, which enters into the Terminal as an export intake for a particular vessel as indicated by the Vessel Identification Advice No.(VIAN) Container Advance Information List (COPRAR) and is not shipped into the particular vessel for reasons whatsoever.

(xxii) **"Transhipment Container"** shall mean a container, which is discharged from one vessel, stored in the yard and transported through other vessel.

(xxiii) **"VIAN"** shall mean Vessel Identification Advise Number.

(xxiv) **"Week"** shall mean a period of 7 days.

2. GENERAL TERMS & CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v). (a). Coastal goods transported between an Indian port on east coast and another Indian port on west coast or vice versa, by a vessel through the territorial waters of Sri Lanka, whether or not calling any port in Sri Lanka in between and without change of vessel in terms Notification No.38/2018-Customs (N.T.) dated 11 May 2018 of Central Board of Indirect Taxes and Customs shall be eligible for concession in vessel related charges and cargo related charges.

(b). Coastal goods transported between an Indian port on east coast and a river port in India or vice versa, by a vessel through a route passing through the Bangladeshi waters and without change of vessel in terms Notification No.38/2018-Customs (N.T.) dated 11 May 2018 of Central Board of Indirect Taxes and Customs shall be eligible for concession in vessel related charges and cargo related charges.

(vi) (a) The container related charges for all Coastal containers should not exceed 60% of the normal container related charges.

(b) The cargo / container related charges for all coastal cargo/containers, other than thermal coal, POL including Crude Oil, iron ore and iron pallets, should not exceed 60% of the normal cargo/container related charges.

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

(d) Container / cargo from a foreign port which reaches an Indian Port 'A' for subsequent transhipment to Indian Port 'B' will also qualify insofar as the charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

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

(vii). Interest on delayed payments / refunds:

(a) The user shall pay interest at the rate of 2% above the Prime Lending Rate of State Bank of India (SBI), on the delayed payments of any charge under the Scale of Rates.

(b) Likewise, the Port Trust shall pay penal interest at the rate of 2% above the Prime Lending Rate of State Bank of India (SBI), on delayed refunds.

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

(d) The delay in payments by the users will be counted beyond 10 days after the date of raising the bills by the operator. This provision shall, however, not apply to the cases where payment is to be made before availing the services as stipulated in the Major Port Trusts Act, 1963 and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.

(viii) Containers less than and up to 20’ in length will be reckoned as one TEU for the purpose of tariff.

(ix) No claims for refund shall be entertained unless the amount refundable is ₹100/- or more. Likewise, operator shall not raise any supplementary or under charge bills, if the amount due to Terminal is ₹100/- or less.

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

(xi) (a) The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The operator may, if he so desires, charge lower rates and / or allow higher rebates and discounts.

(b) The operator may also, if he so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the users in the rate per unit and the unit rates prescribed in the Scale of Rates does not exceed the ceiling level.

(c) The operator should notify the public such lower rates and/ or rationalization of the conditionalities governing the application of such rates and continue to notify the public any further charges in such lower rates and/or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rate notified by the Authority.

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

(xiii) In case a vessel idles due to breakdown or non-availability of the shore based facilities of the operator or any other reasons attributable to operator, rebate equivalent to berth hire charges payable to the New Mangalore Port Trust accrued during the period of idling of vessel shall be allowed by the operator.

3. CONTAINER RELATEDCHARGES

3.1 GENERAL TERMS AND CONDITIONS

(i) Containers less than and up to 20' will be reckoned as one TEU (Twenty-feet Equivalent Unit)and more than 20' and up to 40' will be reckoned as one FEU (Forty-feet Equivalent Unit) for the purpose of tariff.

(ii) All charges for containers more than 20' in length and upto 40' in length will be 150 percent of the applicable charges prescribed and for containers above 40' in length it will be200 percent of the applicable charges prescribed on per TEU basis in the Scale of Rates.

(iii) Containers other than that of standard size requiring special devices/slings/handling will be charged twice the applicable rates. Such containers will also include damage containers and any other type requiring special devices.

3.2 Charges for Handling and Movement of Containers

The following consolidated charges for handling and movement of container shall be payable by the Shipping Lines or Agents of vessels or cargo agents for services rendered in respect of containers and containerised cargo passing through the port.

A. Normal and Reefer Containers

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	3125.51	2500.42	1875.31	1500.24
2.	From Container yard to Railway flat or vice versa	1562.75	1562.75	1562.75	1562.75
3.	From Container yard to Truck or vice versa	468.82	468.82	468.82	468.82

B. Hazardous Containers

Sl. No.	Description	Rate per TEU (in ₹)	
		Foreign Container	Coastal Container
		Loaded	Loaded
1.	From Ship to container yard or vice versa	3906.89	2344.13
2.	From Container yard to Railway flat or vice versa	1953.44	1953.44
3.	From Container yard to Truck or vice versa	586.03	586.03

C. Transhipment Containers

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1.	Transhipment container	3906.89	3125.51	2344.13	1875.31

Notes:

(i) A container originally declared as transhipment container, subsequently moved by rail or road will lose its identity as a transhipment container and shall be treated as a normal import container and prescribed charges as applicable shall be payable.

(ii) A container from foreign port landing at the container terminal for subsequent transhipment to an Indian Port on a coastal voyage or vice versa would be charged at 50% of the transhipment charges prescribed for foreign going vessels and 50% of that prescribed for coastal category.

D. Over Dimensional Cargo Containers

Sl. No.	Description	Rate per TEU (in ₹)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
1.	From Ship to container yard or vice versa	6251.03	5000.81	3750.61	3000.50
2.	From Container yard to Railway flat or vice versa	3125.51	3125.51	3125.51	3125.51
3.	From Container yard to Truck or vice versa	937.65	937.65	937.65	937.65

General Note: The consolidated charges as above include the following elements viz., stevedoring, use of Gantry crane, use of transfer crane, wharfage on tareweight of containers, wharfage on containerized cargo & transportation.

3.3 Dwell Time Charges for Container, stored in the Port Premises

S. No.	Particulars	Rate per container per day or part thereof (in ₹)					
		Foreign			Coastal		
		Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length	Upto 20' in length	Over 20' to upto 40' in length	Above 40' in length
1.	Import-loaded						
	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	193.03	386.05	579.08	193.03	386.05	579.08
	9-15 days	386.05	772.12	1158.17	386.05	772.12	1158.17
	Thereafter	772.12	1544.23	2316.35	772.12	1544.23	2316.35
2.	Export-Loaded						
	First 5 days	Free	Free	Free	Free	Free	Free
	6-8 days	193.03	386.05	579.08	193.03	386.05	579.08
	9-15 days	386.05	772.12	1158.17	386.05	772.12	1158.17
	Thereafter	772.12	1544.23	2316.35	772.12	1544.23	2316.35
3.	Import/Export-Empty						
	First 4 days	Free	Free	Free	Free	Free	Free
	5-8 days	193.03	386.05	579.08	193.03	386.05	579.08
	9-15 days	386.05	772.12	1158.17	386.05	772.12	1158.17
	Thereafter	772.12	1544.23	2316.35	772.12	1544.23	2316.35
4.	Transhipment-Loaded						
	First 15 days	Free	Free	Free	Free	Free	Free
	16-30 days	193.03	386.05	579.08	193.03	386.05	579.08

	Thereafter	386.05	772.12	1158.17	386.05	772.12	1158.17
5.	Transhipment-Empty						
	First 7 days	Free	Free	Free	Free	Free	Free
	8-15 days	193.03	386.05	579.08	193.03	386.05	579.08
	Thereafter	386.05	772.12	1158.17	386.05	772.12	1158.17

Notes:

(1) (a) Free dwell-time (storage) period for import containers shall commence from the day after the day of landing of the container and for export containers the free period shall commence from the time container enters the terminal.

(b) For the purpose of calculation of free time, Custom notified holidays and Terminal's non-operating days shall be excluded.

(2) Transhipment containers subsequently changing the mode of dispatch locally or to the container freight station for destuffing/stuffing shall lose the concessional dwell time as prescribed in Item (4) above. Dwell time charges for such containers shall be recovered at par with import containers as prescribed in item no. 1 or 2 as applicable.

(3) The total storage period for a shutout container shall be calculated from the day following the day when the container has become shutout till the day of Shipment/ delivery.

(4) Over high and over dimensional containers shall attract thrice the normal applicable charges.

(5) Hazardous containers shall attract 1.25 times the normal applicable charges.

(6) In the case of auction containers, after the auction is over, the empty containers will attract the dwell time charges as empty containers from the following day the destuffing is completed.

(7) Free storage period for export loaded and empty containers shall commence from the time the container enters the terminal.

(8) The storage charges shall not accrue for the period during which the operator is not in a position to deliver containers for reasons attributable to it when requested by the user.

(9) The storage charges on abandoned FCL containers/shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the day of landing of the container, whichever is earlier subject to the following:

(i) The consignee can issue a letter of abandonment at any time.

(ii) If the consignee chooses not to issue such letter of abandonment, the container Agent/MLO can also issue abandonment letter subject to the condition that,

(a) the Line shall resume custody of container along with cargo and either take back it or remove it from the port premises; and

(b) the line shall pay all port charges accrued on the cargo and container before resuming custody of the container.

(iii) The container Agent / MLO shall observe the necessary formalities and bear the cost of transportation and destuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all the necessary actions are taken by the shipping lines for destuffing of cargo.

(iv) Where the container is seized/confiscated by the Custom Authorities and the same cannot be destuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the day the Custom order release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and de-stuffing. Otherwise, seized/confiscated containers should be removed by the line/consignee from the port premises to the Customs bonded area and in that case the storage charge shall cease to apply from the day of such removal.

3.4 Charges for Miscellaneous Services rendered to the Container Vessels

A. Reefer Monitoring and Connection

S. No.	Description	Rate per TEU (in ₹)			
		Foreign Going Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1	Additional charges per 4 hours or part thereof for electricity consumption and monitoring of reefer containers	321.12	321.12	321.12	321.12

Note: Additional electricity charge at the prescribed rates will be applicable in case of Reefer Containers also.

B. Other Services Rendered

S. No.	Description	Rate per TEU (in ₹)			
		Foreign Going Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1	Shifting of containers from one yard to another yard within the terminal for customs inspection or any other purpose and subsequent loading of containers for delivery.	1557.45	1557.45	1557.45	1557.45
2	Additional service charges for stacking containers in designated yard for custom examination or for any other purpose by prior arrangement.	467.23	467.23	467.23	467.23

C. Opening of Hatch Cover and Replacing it

S. No.	Description	Rate per Hatch Cover (in ₹)	
		Foreign Going Vessel	Coastal Vessel
		Loaded	Loaded
1	When placing it on the Quay	6229.77	3737.87
2	Without placing it on the Quay	3018.54	1811.13

Note: If only one operation is carried out, half of the hatch cover handling charges as above shall be levied.

D. One Hatch to Another Hatch or within the Same Hatch

S. No.	Description	Rate per TEU (in ₹)			
		Foreign Going Vessel		Coastal Vessel	
		Loaded	Empty	Loaded	Empty
1	Hatch to hatch shifting (involving 1 move only)	1557.45	1557.45	934.47	934.47
2	Other than (a) mentioned above	6229.77	6229.77	3737.87	3737.87

4. OTHER CARGO RELATED CHARGES

A. Cargo Handling Charges

S. No.	Particulars	Rate in ₹ per metric tonne (Import)	
1.	Handling Charges for	Foreign	Coastal
(i)	Fertilizer, Limestone, Gypsum, Dolomite	104.98	62.99

Note:

(i) The handling charges for Other Cargo (Limestone, Gypsum, Dolomite) prescribed above is a composite charge for unloading of the cargo from the vessel and transfer of the same up to the point of loading onto trucks, sweeping of cargo on the wharf, dust suppression services and all other miscellaneous services not specifically included in SOR.

(ii) The handling charges for Other Cargo (Fertilizer) prescribed above is a charge only for unloading of the cargo from the vessel and transfer of the same up to the Port storage sheds. The handling charges also cover other miscellaneous services not specifically included in SOR. Storage of Fertilizer is not envisaged in this project and handling charges shall not include the charges against storage.

B. Storage Charges

The storage charge has not been prescribed as no storage facility for other clean cargo is envisaged.

5. GENERAL NOTE :

(i). 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 2019 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.

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

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

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

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

(v). In the event of Licensee not achieving the Performance Standards as incorporated in the License Agreement in previous 12 months, TAMP will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

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

(vii). While considering the proposal for Performance Linked Tariff, TAMP will look into the Performance Standards and its adherence by the Licensee. TAMP will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the Licensee. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013

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

\- - - - -

ANNEX – II

PERFORMANCE STANDARDS

(a). Gross Berth Output:

(i). **Container Cargo**:

Cargo Category	Performance standards
Container	
(Mainline vessel)	(20 moves per hour per crane)
(Feeder vessel)	(14 moves per hour per hour per crane)

(ii). **Other Clean Cargo*:***

Cargo Category	Performance standards
Other Clean Cargo (Fertilizer, Limestone, Gypsum, Dolomite) using HMC	12,500 T/day/MHC

(b). Transit Storage Dwell Time:

Transit Storage Dwell Time	
- Loaded Container (at terminal)	4 days
- Empty Container (at terminal)	10 days

SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS.

TAMP/69/2018-NMPT	**:**	**Proposal received from the New Mangalore Port Trust (NMPT) for seeking approval of Reference Tariff for Mechanization of Berth No.14 for handling containers and other clean cargo on Design Built Finance Operate and Transfer (DBFOT) basis at NMPT.**

The summary of the comments received from the users/ user organisations/ prospective bidders and reply furnished by NMPT thereon are summarised below:

Sr. No.	Comments received from the users/ user organisations/ prospective bidders	Reply of NMPT
I.	**Adani Ports and Special Economic Zone Limited (APSEZL)**	
(i).	APSEZL feel that the tariffs for other cargoes, especially, fertilizers, are quite low and may not be able to recover the cost of handling and evacuation. APSEZL suggest that the same should be revisited.	The tariff for other cargoes has been proposed taking into account the investment in the capital expenditure and the operating expenditure for Phase-1 only.
(ii).	APSEZL refer that the tariffs are being proposed taking into account the capacity, capital expenditure and operating expenditure and back up area for Phase I only. APSEZL requests to confirm whether the tariff approved under this proposal will be applicable for Phase I period only or the same will be applicable beyond Phase II of the Project also. If the proposed tariffs are for Phase I only, APSEZL suggest to propose the tariffs for both Phase I and Phase II since it is better to have a visibility of tariffs for both the phases before bidding. This is required in view of preparing business case for bidding for the project covering both the phase of the project.	The proposed tariff is for Phase -1 only. NMPT will submit fresh proposal for revision of tariff for Phase-2 as and when the stage comes as per RFQ read with Corrigendum 1 & 2 already issued. Suitable Clause will be added in this respect in the RFP.
(iii).	APSEZL refer that the Project has been phased into two parts in terms of development of back up area. Phase I comprises the usage of existing back up area of 6.5 Ha near spending beach. Phase II comprises of the backup area development immediately behind the berth. APSEZL are of the view that the backup area development immediately behind the berth should be planned in the Phase I owing to the following reasons: (a). The existing yard near spending beach will invite additional operating cost for transporting the containers to the yard since it is far located. (b). Transpiration to the existing spending beach yard will also involve more time as compared to the yard which can be developed just behind the berth. This will reduce the requirement of ITVs for Phase I also. (c). Further, allocation of 7.5 Hectares (immediately behind the berth) will provide more capacity to the terminal for container handling in the Phase I as compared to allocation of 6.5 Hectares.	The development of existing area of container yard is proposed as Phase -1 to reduce the initial capital investment rather than developing the new stack yard behind the berth.

	Hence, it is better to use the area immediately behind the berth as yard in the Phase I due to for the purpose to achieve better efficiency and throughput at relatively less operating cost in the Phase I. Hence, APSEZL suggest to plan the development of area immediately behind the berth in the Phase I and area near spending beach in the Phase II.	
(iv).	APSEZL refer that Optimal Capacity of the yard has been considered based on the norm of 720 ground slots per hectare. However, based on our experience of operating container terminals at Mundra, Hazira and Kattupalli ports, APSEZL observe around 300 to 320 Ground slots per hectare is a practically possible parameter which can be assumed for planning the development of yard.	720 ground slots per hectare is taken for calculating the maximum yard capacity as per TAMP. The planning of the stackyard was made considering the actual capacity of the stackyard which has been included in the DPR. (Chapter 10 Table 10.6 of DPR)
II.	**International Cargo Terminals and Infrastructure Pvt. Ltd. (ICTIPL)**	
(i).	The tariffs worked out for container handling are much lower than the earlier TAMP notified rates. The fact that the container yards are scattered and situated at different places away from the berth contribute to additional transportation cost. The lower container handling charges will have an effect on the viability of the Project. From the calculation sheet furnished by NMPT, it is seen that they have taken into account, only the I Phase investment and operational costs into account while arriving at the tariffs. This seems to be totally wrong. When the Project is split into two phases, the total project cost and operating expenditure have to be taken into account. The same methodology has been followed by TAMP in the earlier tariff order of 01 March 2017. The calculation may therefore be redrawn.	The earlier TAMP tariff order of 01.03.2017 was based on composite capital investment and operating cost for 2 Phases. The present tariff proposal submitted to TAMP is only for Phase -1 investment and operational cost. NMPT will submit fresh proposal for revision of tariff for Phase – 2 as and when the stage comes as per RFQ read with Corrigendum 1 & 2 already issued. Suitable clause will be added in this respect in the RFP. [The port has subsequently proposed separate tariff for Phase-I and Phase-II.]
(ii).	NMPT has also made the calculation of tariffs based on the tariff order of TAMP passed in March 2017 by using a correction factor for the Annual Revenue Requirement in the new proposal. This seems to be giving distorted picture. It is suggested that fresh calculations be made without reference to the earlier order.	The guidelines do not prescribe any specific methodology for deriving unit rates in the Scale of Rates for different services for the revenue requirement. The container handling charges include tariff items for various service and further the rates differ based on the type and size of containers. The Scale of Rates for upfront tariff is, therefore, to be drawn up by iteration taking the tariff structure and the pattern of various services of a similar project approved by TAMP as the base so as to achieve the normative annual revenue requirement. The same approach was adopted while setting upfront tariff for container handling at Kandla Port Trust, Tuticorin Port Trust and Jawaharlal Nehru Port Trust, which have been accepted by TAMP. As such the Tariff Proposal prepared for NMPT and approved by TAMP (Case no.TAMP/56/2016-NMPT dated 01.03.2017) has been considered as the base.

		However, revised fresh calculation made without reference to the earlier order are enclosed.
(iii).	The tariffs have been worked out by the port (para 3.12) by taking the number of ground slots per hectare as 720. Although the norm of 720 was earlier fixed by TAMP, they had subsequently revised the norm to 360 under various tariff orders and to 185 in JNPT Tariff Order for the Fourth Container Terminal and this reference tariff of JNPT has been adopted recently at Paradip Multipurpose Berth and Kandla Container Terminal. Even in the earlier tariff proposal of NMPT, the port had considered 309.17 ground slots for Zone 1 and 260 ground slots for Zone 2 and Zone 3. This was accepted by TAMP.	720 ground slots per hectare is taken for calculating the maximum yard capacity as per TAMP. The layout and other facilities are planned and proposed considering the actual capacity of the stack yard which has been included in the DPR. Also since this is a multipurpose type of berth, which handles containers along with other bulk cargo, the berth capacity is considered as Terminal capacity for arriving at the tariff.
(iv).	In para 7.16 Miscellaneous charges at point D of the Proposed Tariff rates for movement of containers within the hatch or from hatch to hatch have been mentioned. However the unit has been mentioned as "rate per hatch cover". This unit should be changed to 'Rate per TEU (₹)'.	In para 7.16 – Miscellaneous charges at point D unit may be taken as "Rate per TEU (₹.)" in place of "rate per hatch cover".
(v).	The average parcel size for other 'Other Cargo' has been mentioned as '45000 Tonnes'. In the earlier proposal notified by TAMP, the average parcel size was considered as 27000 Tonnes. The average parcel size of 27000 seems to be more reasonable since vessels of smaller size and coastal type are expected to be called at this berth.	The Average parcel sizes for the past few years for the other bulk cargo including fertilizer were in the range of 28000 T to 38000 T. Also considering the capacity of berth to handle vessels upto 90000 T an average parcel size of 45000 T is considered for other bulk.
(vi).	In the 'Performance Standards' for Other Cargo for handling with ship's gear, a parameter of '10,000 Tonnes per day' has been fixed. This seems to be on the higher side. In the last tariff order, on the suggestion of the point, a parameter of '7560 Tonnes per day' was notified by TAMP. It is requested that the performance parameter for this category may be reduced to '7560 Tonnes per day'.	As per TAMP, for arriving at the tariff, the handling rate for the dry bulk for vessels such as good grains and fertilizer, 10000 Tons / day to be considered for vessels of more than 30000 T parcel size.
(vii).	Similarly for 'Transit Dwell Time' in the Performance Parameters, a free time of 5 days was notified by TAMP for export containers. In the present proposal, the port has mentioned 4 days for loaded containers and 10 days for empty containers. It is suggested that the parameter may be changed to 5 days for loaded containers.	No Change.

1.2.1. Association of New Mangalore Port Stevedores (ANMPS) and New Mangalore Port C & F Agents Association (NMPAA) have given their comments as given below:

(i). BERTH NO.14 IS AN ALREADY DEVELOPED BERTH:

The Stevedores, C&F agents, CHAs and Port Users had campaigned for a multi-purpose deep draft berth with the Shipping Ministry GOI and Port Trust of that time resulting in this Berth No.14 coming into being. The Port and EXIM trade got maximum benefit out of this Deep Draft Berth with much increase in cargo traffic and revenue.

The proposal of NMPT is misleading as it is called Container Terminal though it is nothing but only taking over a multi-purpose deep draft berth. If NMPT was genuinely serious about a Container Terminal, Port should use their own surplus fund (Port has more than ₹1000 Crores surplus) to make it on their own. We are in no way against the Development of the Port and that of a Container Terminal but not in the existing Berth No.14 which also has no suitable large back-up area required for container yards.

(ii). BERTH NO.14 IS A BERTH WITH HIGH OCCUPANCY:

Generally, a project is undertaken under PPP for providing its output or services and to give non-discriminatory access to users in pursuance of its charter, concession or contract. This Berth has a length of 350m. Here the subject berth has 90% occupancy and is the only deep draft berth which the users are utilizing to full extent. It has the necessary developed infrastructure but still the proposal is to hand it over to a PPP operator to handle containers and clean cargo.

(iii). AGAINST NATIONAL POLICY:

The Stevedoring and Shore Handling Policy for Major Ports, 2016 which came into force on 31.07.2016, envisages competition amongst Stevedores / C&F Agents so that the Export / Import trade benefits from the competitive rates. But the Port, in contravention of the national policy is encouraging monopoly at NMPT by handing over the most productive berth, with the highest occupancy rates, to a PPP operator. There appears, over a period so many refinements are made to the proposal to make it suitable for accommodating it as a PPP project.

(iv). EARLIER & PRESENT PROPOSALS:

The investment proposed earlier during 2016 was ₹278.96 Crore, but there was only lukewarm response from the bidders for this proposal. Later NMPT made some more refinements in the proposal.

In the Final Detailed Project Report of L&T Infra Engineering, at 0.10 Cost Estimate, Option 2: PPP Development without considering the land preparation and Stake yard development, the total cost of the project has been worked out to ₹215.27 Crores (₹149.48 Crore for Phase I and ₹65.79 Crore for Phase II). Further, the Handling equipment proposed for providing in the 1st Phase are MHCs of 100T Capacity 2 Reach Stackers 6, Empty Container Handled 1 and Mobile Hoppers 23 of total ₹109.40 Crore. With this, what is additionally required to be brought in by the PPP operators is some investment in infrastructure and bringing a few new equipment. Out of the equipment proposed to be introduced, some are already available at the Port, which could have been better utilized. Currently, the Port is having 2 MHCs, each having 63T capacity, 5 Reach Stackers of 45T capacity, 2 Forklifts etc. Most of the time, the Port owned 63 T HMCs are idle. Also, the service of 2 MHCs (private operators) are available. As such, there doesn't appear to be any sort of mechanization which can facilitate speedy discharge of containers / cargo etc., in the proposed project. Infact, when no mechanization is involved, the proposal of the Port distances itself from the requirement of Gantry container crane and its safe container handling systems as in JNPT, Chennai, Vizag, Cochin and other ports. Only some additional equipment are being added to the infrastructure availability and the proposed project does not appear to be eligible to be called "mechanization of berth".

(v). MAIN LINE VESSELS:

Very few main line vessels have called at this Port. Also, the likelihood of such main line vessels calling at this Port in the future is remote. As such, there does not appear to be a need to utilize this fully developed multi-cargo berth for improving Container business. That means if the Port Authorities decide, the container business can be better managed with the existing infrastructure available at other berths. This deep draft Berth No. 14 is of grant advantage for freight sensitive cargo such as Iron Ore, Fertilizer, Wheat, Gypsum, Bentonite, Sand, Sulphur, Machinery and ODC Cargo, etc. For such cargo, for which generally larger vessels are used and in which case sea freight component on the landed cost will be less.

(vi). CONTAINER TRAFFIC, PROJECT FEASIBILITY:

At the same time, not much increase is envisaged since NMPT is between major Container Terminals at Kochi / Vallarpadam/ Vizhinjam, Goa and Mumbai & JNPT. The hinterland of NMPT also does not justify any much increase in container traffic since container traffic from the main industrial belt of Karnataka i.e. Bangalore / Tumkur / Hubli / Belgaum etc. does not come to NMPT due to ghat section and other economic reasons.

As per the feasibility study carried out by M/s. Engineers India Limited in 2016, NMPT in FY 2015-16 should have handled 106,000 TEUs but the actual containers handled stood at 75,709 TEUs. EIL did state that the projections have to be rationalized to 67% of their own projections, which itself indicates that the presumptions made by EIL are flawed. As per the revised projections, for FY 2016-17 the containers to be handled were 87,000 TEUs however the actual containers handled were around 94,929 TEUs. Similarly, even the FY 2018 projections of EIL were around 130,000 TEUs but the actual numbers are much less.

In all other Ports containers terminals are developed separately on PPP mode only where the total Container traffic is sufficient (Five Lakh TEUs or above). In NMPT, the total container traffic cargo is only about 2% of Cargo traffic (Export / Import), which does not justify a separate container terminal nor is it feasible. Since NMPT does not find a place in the International Container Trade routes, there is no likelihood of any Main Line Container Vessel calling on the Port. Any number of feeder container vessels can be handled in existing Berth No.1 to 8.

(vi). ISSUE RAIED ON BOARD MEETING ON 07.09.2018:

We learned that during the discussions held on the subject in the Board Meeting held on 07.09.2018, one of the Trustees represented that the occupancy of the Berth is more than 80% and there is no other deep draft berth for handling dry bulk vessels. We also learned that the Trustee represented that the proposal to mechanize Berth No. 14 for handling containers may be deferred till construction of proposed additional deep draft berth between Berth No. 8 and Berth No. 13. And in response, the Chairman had informed that the issue will be discussed with the Ministry and if agreed, the implementation of the proposed project would be advanced by some more period. Whereas now it appears the NMPT has already forwarded the proposal to TAMP for fixation of Tariff (In turn, TAMP has forwarded by proposal to the users vide their letter ref. No.TAMP/69/2018-NMPT dated 21.09.2018 to furnish our comments on the proposal).

(viii). KIOCL VESSELS:

KIOCL, in its letter dated 23.07.2018, has apprised the Chairman of the intention to call Cape-size Vessels to land raw materials such as Limestone, Anthracite Coal, etc., for its production plant to produce and Export more than 2 Million Tons of Iron Ore pellets in this Financial Year. If the existing Deep draft Berth No. 14 is handed over to Develop as a Container Terminal & Clean Cargo Berth, there will be no suitable Berth at NMPT which will be available for KIOCL to bring their cargo ships.

(ix). To another query from an applicant, NMPT states that the Operator will be allowed to utilize the complete terminal capacity before the phases mentioned in the DPR, if so it wishes. If the project does not take off as expected and the container volume does not grow as projected, the bidder in total will have the luxury of all land (about 22 acres) earmarked for the implementation of this project. How can this be tolerated by a Government Port.

(x). Finally, we summarize our contentions / say in the matter. We reiterate that developing Berth No.14 under PPP mode to handle containers and other cargo for the reasons mentioned above is not at all a good proposition. Also it will have a disastrous impact on the licensed Stevedores, C&F Agents of this Port. A lot of consequent unemployment will trigger affecting possibly 10,000 person directly and indirectly. To make the project viable, it appears clean cargo is being added to aid bidders which is a clear deprivation of the right of Stevedores, C&F Agents, Steamer Agents and Users of related port services.

In view of the above facts, the reference tariff for mechanization of Berth No.14 for handling containers needs to be deliberated upon and discussed in detail with the stakeholders, Trade and the users of related services. For this reason, it is our humble submission to take up the issue with NMPT and to defer convening the meeting for Joint Hearing for the present.

1.2.2. The NMPT has responded as given below:

The mechanization of container operation has been recommended by M/s. BCG in their report for implementation by the Port. The MOS has directed to implement the BCG recommendations in order to improve efficiency and optimum utility of infrastructure. The ministry has also included the project on mechanization for award by the Port under RFD target. Accordingly, the project has been taken up by the Port.

1.3. The Kanara Chamber of Commerce and Industry (KCCI) has furnished the following comments. The NMPT has not responded:

(i). WASTE OF NATIONAL RESOURCE:

The berth identified for this project is a deep draft berth having a draft of 14 mtrs. This multipurpose berth was originally constructed for handling all types of dry bulk cargoes. This berth, with an installed capacity of 6 MTPA, was commissioned in the year 2006. It is noteworthy to mention that very few ports in India have deep draft berths drawing 14 mtrs draft. Hence, dedicating this berth to a PPP Operator for handling container Vessels is not good economics in national interest and a sheer waste of national resource.

This berth has the highest berth occupancy compared to all other dry bulk cargo berths at NMPT. Details of year wise berth occupancy is given below:

2007-08	:	90%
2008-09	:	90%
2009-10	:	84%
2010-11	:	57%
2011-12	:	59%
2012-13	:	56%
2013-14	:	77%
2014-15	:	83%
2015-16	:	64%
2016-17	:	83%
2017-18	:	80%

Average berth occupancy from 2007-08 to 2017-18 = 74.8%

(ii). ADDITIONAL BENEFITS:

This berth has a total length of 400 m, which enables the port authority to accommodate 2 vessels simultaneously. This facility has helped the port authority to utilise the single berth to its optimum capacity which inturn benefitted the trade immensely. The waiting period for dry bulk vessels has been considerably reduced by accommodating two vessels at this straight wharf.

(iii). CONTAINER STATISTICS:

Since re-introduction of container service at NMPT, container trade has seen a gradual increase over the years but not to the extent which necessitates setting up a full-fledged container terminal. The annual containers handled during the last ten years is given below:

2007-08	:	21,460 TEUS
2008-09	:	28,555 TEUS

2009-10	:	31,456 TEUS
2010-11	:	40,158 TEUS
2011-12	:	45,009 TEUS
2012-13	:	48,409 TEUS
2013-14	:	50,126 TEUS
2014-15	:	62,808 TEUS
2015-16	:	75,709 TEUS
2016-17	:	94,929 TEUS
2017-18	:	115,498 TEUS

It is evident from the above that NMPT has been achieving a fair annual growth in container traffic. However, it is a fact that over 50% of this traffic includes empty containers, which does not generate any income to the container lines. Relying on the above statistics, NMPT proposed to construct a container terminal on BOT basis during 2008. However, this proposal has not received any bidders merely due to lack of sufficient container traffic. The entire container industry is overstretched with overcapacity and present container trade growth worldwide is not phenomenal.

(iv). PROJECTS WHICH FAILED TO TAKE OFF:

During 2010 NMPT had shortlisted IL&FS Maritime Infrastructure, Group Maritime TCI of Spain, Simplex Infrastructure, consortium between Adani Port and Mundra Port & SEZ, Essar Ports & Terminals along with Vadinar Oil Terminal to build greenfield container terminal on BOT basis. However, the NMPT had to drop this proposal after the private players backed out of the project citing lower returns.

The mechanisation of berth No. 14 for handling containers was mooted by NMPT during 2016 but same was dropped by the port authority due to discrepancies in the tender process.

Every study conducted at NMPT had shown that projected traffic for container traffic has never been anywhere close to the ground reality. The current proposal is no exception to that. The below data shows the projections by some of the consultancy firms and the actual traffic handled for the same period.

Consultancy / Year	Projected	Period	Achieve	% achieved
RMG & TCS / 2007	98,000 TEUs	2012-13	48,409 TEUs	<50%
TCE / 2015	1,06,000 TEUs	2015-16	74,000 TEUs	<67%

It is only suggests that even premier consultants have failed miserably to gauge the container traffic projections at NMPT.

(vi). <u>GROUND REALITIES</u>:

The current container traffic at NMPT does not warrant a full-fledged container terminal at this port. Additional infrastructure like tyre mounted gantry crane and extended container yard would certainly meet the demand. KCCI strongly feels that it is improper to take into consideration only revenue aspects for the port and not the impact this project can have on the all-round development and prosperity of the region and state, stevedores and C&F agents of this port.

(vii). Raw Cashew Nut is one of the major imports at NMPT by containers, which constitutes 24% of the total imports of containerized cargoes at NMPT. Due to high processing costs, some of the importers have already set up their cashew processing plants at the place of raw cashew nut source. All India statistics shows that during 2017, cashew imports reduced by 25% due to various reasons. There is no guarantee that the imports are likely to bounce back. Similarly, coffee is the major exports out of the NMPT. However, the exports are likely to get a hit due to devastation of coffee crop at Coorg District due to natural calamity.

(viii). <u>SUCCESS STORY:</u>

Tuticorin Port, which handles 4.7% of container through put in India was having one container terminal operated by a private operator with alongside depth of 10.7 m. The container traffic handled in the year 2015 was 560,000 TEUs and only recently additional infrastructure was added to facilitate the surge in container traffic. If Tuticorin Port can handle this volume with limited resources, why not NMPT emulate the same success story?

As a matter of fact, NMPT handles a meagre 0.7% of container through put in India and NMPT is giving away a 14m deep draft multipurpose berth with a berth occupancy of more than 74% to a PPP operator to handle few thousand TEUs? Does it not amount to gross misuse of available assets?

(ix). CONSEQUENCES:

KIOCL, one of the state run iron ore plant based at NMPT, exports Iron Ore Pellets to various countries. The company resources raw material (Iron ore fine) from east coast ports of India. All these cargoes are transported to NMPT by panama/handy max vessels and berth No. 14 is the preferred berth. The importer intends to employ Kamsarmax Cape size vessels to import raw materials at NMPT. However, once this berth is mechanized, there will not be any suitable berths to handle these ships.

(x). DEPRRIVATION OF LIVELIHODD:

Currently, many stevedores engage themselves in cargo handling at berth No. 14. These stevedores, established their office since inception of the port, have contributed immensely to the growth of the port. In addition they have provided sizeable amount of employment to the locals. The KCCI strongly contend that dedicating this berth to handle container will have a disastrous impact on the stevedores and C&F agents of this port. A lot of downstream unemployment would trigger too.

(xi). ALTERNATIVES:

The KCCI wish to draw your attention to Business Plan done by Rotterdam Maritime Group and Tata Consultancy Services (RMG and TCS) for NMPT during the year 2007. The report recommends that a container terminal be set up at existing berth No. 1 and 2 to generate a positive income only if and when a mechanized handling or an all-in stevedoring tariff is introduced. The KCCI urge the NMPT management to adopt the recommendation given by these reputed consultants as it appears so relevant even now. In line with this Plan, NMPT need to mechanize the existing container operations and wait for realistic growth trends which warrant setting up of a full-fledged container terminal.

(xii). Once the container traffic reaches 250,000 TEUs per annum, NMPT can develop a new greenfield state of the art container terminal with all modern handling equipments near Berth No. 8 in the interest of trade and industry of this region.

(xiii). OBJECTIVE:

While undertaking any new project, the main objective should be to improve the cargo handling capacity and operational efficiency. The subject project fails on both counts.

There is an effort to increase the handling capacity but the berth selected for the project is way above the required capacity for handling containers. Further, the operational efficiency will also be hampered since the designated berth is about 2.75 km from the existing container stack yard.

A careful study of the available data and failed attempts to set up container terminal reveals that the present project will not increase container traffic throughput, profitability or quality of service/productivity – prerequisite for leasing out existing assets of the port. The KCCI fails to understand the rationale behind the whole exercise of leasing out the existing facility to the private sector.

(xiv). PRAYER:

At a time when the Ministry is considering to introduce policy guidelines to curb monopolies in port sector, NMPT is encouraging the practice to help one vendor. KCCI strongly objects to the proposal of handling over all cargo operations to one vendor by blocking one premium berth and depriving the right to livelihood of those who are dependent on port related activities at NMPT since decades.

2. A joint hearing in this case was held on 29 October 2018 at NMPT premises. The NMPT made a brief Power Point presentation of its proposal. At the joint hearing, the NMPT and the concerned users/ user associations have made the following submissions:

New Mangalore Port Trust (NMPT)

(i). Makes power point presentation of the proposal. Hard copy is given.

(ii). Project is envisaged in 2 phases. Construction period for Phase I – is 12 months from date of award of concession.

(iii). Phase II is envisaged to commence 18 months from achieving 1.80 lakh TEUs or 7 years of commencement of commercial operation of Phase I whichever is earlier. Phase II shall be completed within one year of commencement of work.

(iv). In Phase I, Port would like to give 6.5 hectares of land for container storage and in Phase II, port envisages to give 7.5 hectares of land for container storage.

(v). In Phase I, Port proposes deployment of 2 nos. of 100 T capacity HMC, 6 nos. of Reach Stackers, 1 Empty Container Handlers and 2 Mobile hoppers.

(vi). In Phase II, Port envisages deployment of additional equipment viz. 1 HMC of 100 T capacity, 3 Reach Stackers and 1 Empty Container Handler.

(vii). The total Project cost for Phase I is estimated at ₹124.86 crores and for Phase II at ₹155.85 crores. Total capital cost of Phase I and II together is estimated at ₹280.71 crores.

(viii). Present proposal of Port seeks approval for reference tariff considering project cost and operating cost for Phase I only.

(ix). Port will file fresh proposal seeking tariff for Phase II operations at a later date when Phase II is expected to commence.

(x). Share of container and clean cargo is considered at 75%:25%.

(xi). Segregation of container is 96% Normal & Reefer, 2% Hazardous, 1.4% above 40' length, 0.1% Transshipment container and 0.5% Over Dimensional container.

(xii). Tariff are proposed for different categories of containers and for clean cargo to meet the estimated ARR. The rate proposed for normal laden container is ₹1,935.98 per TEU and for empty it is 1,548.78 per TEU for ship to container yard movement.

J.M. Baxi

(i). During last reference tariff Order sought by NMPT, there were 3 phases. Investment of all 3 phases were taken together to arrive at the reference tariff.

(ii). Bidders will not be aware of tariff in Phase II. Hence, tariff to be fixed for the Phase II as well. Phase II will come in two years and not 7 years as stated by the Port.

(iii). The entire proposal may be re-looked considering total cost for both phases.

(iv). Norms prescribes 720 ground slots. In JNPT, it was reduced to 285 TEU. NMPT last time proposed different ground slots for different stacking area in the range of 260 to 310 ground slots.

(v). The rate for hatch cover need to be prescribed on per TEU basis; not per hatch cover.

(vi). Unit of levy for reefer container also need to be corrected.

(vii). Dwell time of container may be considered as 5 days.

(viii). Our comments may be sought on final revised proposal to be filed by the port.

Chettinad Group

(i). Proposed rates are not comparable to rates at neighbouring Ports.

(ii). The proposal needs to be completely re-looked.

(iii). Diesel cost is considered at ₹67/ litre. Present rate is in range of ₹80 litre.

Ganesh Shipping and Association of Mangalore Port Stevedores.

(i). Port Users, Steamer Agents, we all left our land and gave to Port when Port was to start.

(ii). We are not against modernization or mechanization.

(iii). We have limited business compared to other Ports. Stevedores are fighting to get cargo.

(iv). Chettinad has already taken coal terminal of the Port.

(v). Go for mechanization of Port berth other than berth no.14. We have requested at Government level also. We are against privatization of this berth.

(vi). 100 of families will be on road if this berth goes for mechanization.

(vii). All Port Users particularly Stevedores and Steamer Agents are against this proposal.

Kanara Chamber of Commerce and Industry

(i). The proposal is for mechanization of Berth No.14 on Design, Build, Finance, Operate and Transfer (DBFOT) basis. But, the B part i.e. "Build" is missing.

(ii). Port is giving cream of the Port's berth which has touched 90% occupancy on BOT basis.

(iii). Port is handling only 1,00,000 TEUs. This project is not rational for such low volume of container traffic.

(iv). For container berth, 12.5 mtrs. draft is sufficient. Giving Berth No.14 having 14.5 mtrs. draft is a national waste.

(v). Even now, container is being handled by HMC. Productivity will be the same. No increase in productivity is envisaged by the prospective bidders.

(vi). We have no issue if Port gives berth other than berth no.14.

(vii). We strongly oppose this proposal.

Kanara Chamber of Commerce and Industry (KCCI)
[Secretary]

(i). In VOCPT with 10.5 mtrs. draft, they handle more than 5 lakh TEUs.

(ii). Containers handled at NMPT is negligible. The project envisages to handover Berth No 14 which has good draft of 14.5 mtrs. draft.

(iii). Let Port give container terminal project on green field basis.

Mangalore Steamer Agents Association (MSAA)

(i). We are also using MHC. The proposal of Port on BOT basis also envisages the successful operator to deploy MHC and not quay cranes. Where is the mechanisation then?

(ii). Port has not been able to give us a Container Freight Station. We need a CFS in the Port not a Container Terminal.

(iii). Fully mechanised Container Terminal with full investment can be envisaged.

The Mangalore Custom House Agents' Association (MCHAA)

(i). We protest to give the berth no.14 to prospective bidders.

(ii). We endorse comments of Association of Mangalore Port Stevedores.

NMPT
[CE]

(i). M/s.BCG in their Report brought out that container at port is handled haphazardly. Looking at that, port gave recommendation to develop Container and clean cargo terminal and so we got the reference tariff for the project. Based on the approved reference tariff, port had in the year 2016 invited bids. We got only 1 bid. Bid was discharged as only one bid was received.

(ii). We have been advised by the MOS to try to give the Container Terminal Project on PPP mode once more. If it materialises we will go for it. Else, Port may itself deploy HMC.

(iii). We have engaged L&T Consultant for making this proposal. The current project is envisaged in 2 phases.

(iv). Port does not want to force this project on users.

(v). Port is already planning to develop Berth No.17 as deep draft berth. We have no intention to disturb the livelihood of Port users.

Ganesh Shipping Agency

(i). Now in Port, container is handled in a streamlined and systematic manner. It is not haphazard.

(ii). Let the Port go for fully mechanised facility like NSICTPL.

Kanara Chamber of Commerce and Industry (KCCI)

(i). BCG projection is nowhere to the actual terms.
[NMPT, CE: We have to follow Government direction.]

NMPT

(i). Since second phase is envisaged after a gap of 7 years and considering that the investment level at that point of time may be different, we have not proposed tariff for Phase II. We will seek tariff for Phase II from TAMP when all investment for Phase II are required to be done.

(ii). Though we have taken 720 ground slots, we have not considered that as optimal capacity.

(iii). We agree to correct unit rate for hatch cover.

(iv). Port envisages to use MHC which will also handle 10,000 T/ day of clean cargo.

(v). Dwell time is 2 days for import and 4 days for export. We have taken average 7 days.

3.1. A summary of the comments made by user / user organizations at the joint hearing and the comments furnished by NMPT thereon is tabulated below:

<table>
<tr><th>Sr. No.</th><th>Comments received from the users/ user organisations/ prospective bidders</th><th>Reply of NMPT</th></tr>
<tr><td>I.</td><td>Association of New Mangalore Port Stevedores (ANMPS), Mangalore Steamer Agents Association (MSAA), Mangalore Custom House Agents Association (MCHAA), New Mangalore Port C & F Agents Association (NMPCFAA) and New Mangalore Port Users Welfare Association (NMPUWA).</td><td></td></tr>
<tr><td>(i).</td><td>Generally, a project is undertaken under PPP for providing its output or services and to give non-discriminatory access to users in pursuance of its charter, concession or contract. Here the subject berth has more than 80% occupancy and is the only deep draft berth which the users are utilizing to full extent. It has the necessary developed infrastructure. This Berth has a length of 350 m yet preparations are underway to hand over the berth to a PPP operator.</td><td rowspan="3">Initially Port had proposed to develop dedicated berth for container terminal at Berth No.17 (earlier B19) adjacent to KIOCL berth. Accordingly, consultant M/s.TCE was engaged for preparation of Techno-economic Feasibility study. The Consultant in the report concluded that, developing green field berth No.17 for handling container is not economically feasible due to high investment. Further Consultant had made reference to explore the possibility for development of existing berth No.14 as container terminal due to its low investment requirement.

Ministry had engaged consultant M/s. Boston Consulting Group (BCG) to study the “Benchmarking, capacity maturity assessment and preparing a road map for operational improvement”. The BCG after study, in its report found that the Port has growth potential in handling containers and also envisaged in their report that the container throughput may go up to 1.5 lakh TEU’s by 2017-18. The Ministry has directed to take up recommendations of BCG for implementation by major Ports. The Ministry had requested to prepare shelf of projects which can be taken up during 2016-17. The Master plan for New Mangalore Port prepared by the Consultant for the Ministry of Shipping have envisaged the project on utilization of berth and backup area for container terminal on PPP mode with an investment requirement of 277.20 crores. The project is envisaged in the master plan for completion by 2020.

Having considered the recommendation of the Consultant M/s. TCE, M/s. BCG and taking into consideration on response of 3 parties to the expression of interest, the Berth No.14 was identified for container terminal and included in the RFD with a road map award it in the year 2016-17.

Port had invited expression of interest EIO globally on 16.11.2015 for development of berth No.14 as container terminal. Three parties i.e. M/s.International Cargo Terminals & Infra Pvt. Ltd., Mumbai, M/s.</td></tr>
<tr><td>(ii).</td><td>In the Final Detailed Project Report of L&T Infra engineering, at 0.10-Cost Estimate, Option 2: PPP Development without considering the land preparation and Stack yard development, the total cost of the project has been worked out to ₹149.48 Crore for Phase – I and ₹65.79 Crore for Phase – II total spending of ₹215.27 crore. Further, the Handling equipment proposed for providing in the 1st Phase are Mobile Harbour Cranes of 100T Capacity-2 Reach Stackers-6, empty Container handler-1 and Mobile Hoppers-2 of total ₹109-40 Crore. As such in the proposed project under DBFOT, there is no Design or Build envisaged in the project. What is additionally required to be brought in by the PPP operator is some investment in infrastructure and bringing in a few new equipment. In other words, in the proposed PPP model, some investment is proposed towards civil work and purchase of new equipment. The Equipment proposed to be brought in are already available at the Port which can also be made use of. As such, there doesn’t appear to be any sort of mechanization in the proposed project.</td></tr>
<tr><td>(iii).</td><td>In addition to what has been dealt with in our letter dated 10.10.2018, which you are already aware of we wish to bring to your notice that time and again, various Trustees of NMPT have raised the issues relating to the subject before the Board and have expressed their views against the privatization of the only multi-purpose deep draft berth. Infact, one of the Trustees had raised the issue in the Board meeting held on 20.06.2018. In that Board Meeting, he had submitted that “Berth No.14 is the only berth available for handling larger vessels with higher draft and in absence of this berth how bigger vessel could be handled…” The Chairman i/c replied that “once the Mechanization of Berth No.18 is completed by February 2019, the entire cargo handled at berth no.14 would be diverted to that berth making berth No.14</td></tr>
</table>

<table>
<tr><td></td><td>underutililzed….Chairman i/c further stated that if there is sufficient cargo, construction of another berth i.e.berth No.19 could be considered.” The Trustee had also requested the Chairman to defer the proposal till the construction of a new deep draft multi-purpose berth, as there is no other Deep draft berth available for handling larger vessels. In this connection, we like to mention that at the proposed Berth No.18, only Coal cargo will be handled and if Berth No.14 in converted into a container Terminal, no other Berth would be available to handle deep draft vessels carrying other cargo. At that time, the Chairman had also assured to discuss the matter with the Secretary (S) and put forth the view of the Trustees.</td><td rowspan="4">India Ports & Logistics Ltd., Mumbai and M/s.Adani Ports SEZ Ltd., Gujarat had submitted their expression of interest.

Port invited bids in the year 2016 to develop container terminal at Berth No.14 for the work of Mechanization of Berth No.14 for Handling Containers and Other Clean Cargo on PPP mode, Since only one bid had received, the Port Trust Board resolved to discharge the proposal and further directed to ascertain the reasons for poor response for taking further course of action.

Accordingly, all the prospective bidders who had participated in the RFQ stage were invited to attend a meeting on 10.04.2017 and suggestions were obtained so as to make the project more viable.
T
he main suggestions put-forth by the Prospective bidders were as follows:
• The option to handle containers and clean cargo using mobile harbor cranes and reach stackers may be considered in view of low cargo profile.
• In case, the container volumes reaches 200,000 TEU mark, then possibilities of setting up of fully fledge container terminal on BOT Concession basis may be taken up.
• In view of low container traffic, they requested to allow other clean cargo along with containers for full concession period.
Smaller Container Cargo Handling Equipment viz., Reach Stackers, Tractor Trailers, Forklifts, Mobile Hoppers, etc., may be considered on hire basis.

The suggestions of prospective bidders were placed before the Board in the Meeting held on 03.07.2017. After detailed deliberation the Board directed to prepare fresh detailed project report by considering suggestions of prospective bidders as regards providing harbor mobile crane. In line with the directive of the Board, M/s. L&T infrastructure and engineering Pvt. Ltd., Chennai has been appointed to prepare Detailed Feasibility Report. The Consultant has submitted Detailed Feasibility/Project report and it has been approved. As per the report, the project is envisaged to be implemented in two phases with Indicative Project Cost of ₹280.71 Crores.

In the present proposal, the existing berth is dedicated for handling container, the PPP operator is only required to deploy equipment and handling of container. Developing new Berth for dedicated container terminal is not feasible owing to</td></tr>
<tr><td>(iv).</td><td>In this connection, in July 2018, KIOCL addressed a letter to the Chairman, NMPT, expressing its intention to bring in 2.5 million tonnes of raw material such as Iron Ore Fines, Lime Stones etc. at NMPT and requested for creation of a new deep draft berth for handling cape size vessels. In the meeting of the Board of Trustees held on 07.09.2018, another Trustees raised the same issue representing that “the occupancy of the berth is more than 80% and there is no other Deep draft berth for handling 14 mtrs draft, dry bulk ships”. The trustee had represented that the proposal of Mechanization of Berth No.14 for handling containers may be deferred till construction of the proposed additional deep draft berth between berth No.8 and No.13. In response, the Chairman has assured the Trustee that the issue would be discussed with the Ministry and if agreed to, the proposal would be advanced for some more period. Whereas while drafting the Board resolution, it was resolved “to approve the tariff proposal for fixation of upfront tariff for handling containers and other clear cargo at Berth No.14 on PPP mode to the TAMP for approval”.</td></tr>
<tr><td>(v).</td><td>It is becoming increasingly clear that the views of the Trade and the Stakeholders does not appear to have been taken note of with due seriousness. The dissent of the Trustees appears to have been recorded only as a routine. In view of the above and also further to all our representations to yourselves and NMPT in the matter, we continue to express our dissent for the development of Berth No.14 as a Container and Clean Cargo Terminal. According to us, fixating of tariff shall be subsequent to taking a final decision on the proposal to mechanize the berth No.14 for handling containers and other clean cargo on Design build Finance Operate and Transfer (DBFOT) basis at NMPT. Accordingly we do not like to participate in the deliberations in connection with fixation of the subject tariff.</td></tr>
<tr><td>(vi).</td><td>We reiterate that the proposal to mechanize Berth No.14 maybe deferred till construction of an additional deep draft berth.</td></tr>
</table>

		higher capital cost and tariff. The Berth No.14 is feasible as dedicated container terminal mainly due to reduced capital cost, its deep draft, sufficient backup area behind the berth and design of the berth for heavy equipment like HMC'S. The other berths (1-7) are not considered due to lack of backup area behind the berth and these berths are not designed for heavy equipment like RMQC's/HMC's. The higher occupancy of 74% at berth No.14 is only due to handling of coal cargo. Port had awarded the work of mechanization of handling coal at Berth No.16 to M/s. Chettinad and it is schedule to commission by April, 2019 and coal cargo will be shifted to Berth No.16. After shifting of coal cargo to berth No.16, Berth no 14 occupancy will come down to 33% and will become underutilized. In Order to effectively utilize Berth No.14 Port has proposed to develop this Berth as container terminal. The traffic forecast carried out by consultant indicates the higher growth in the future due to change in market conditions and trade. The subject project is under the target fixed by the Ministry for the year 2018-19 and to be awarded by December, 2018. Therefore, Port has invited RFQ for the project of mechanization of Berth No. 14 for handling containers and other clean cargo on DBFOT basis and 6 (six) applicants have submitted their RFQ application and the same are under evaluation. In view of above, Port is implementing the project as per the directions of Ministry based on growth potential, Port propose to provide mechanized handling container facilities at berth no 14 in order to enhance efficiency and optimum utilization of infrastructure. As directed by TAMP in the joint hearing meeting, the port is in the process of calculation of revised tariff for the subject work based on the ground slots. The revised proposal would be discussed with the bidders and accordingly the revised proposal of tariff fixation will be submitted at the earliest. It is requested to expedite the proposal to enable the port to take up for SFC clearance.

3.2. The International Cargo Terminal and Infrastructure Private Limited has furnished the following comments. The NMPT has not responded:

(i). When the project is split in to two phases, the total project cost and operating cost expenditure will have to be taken into account. As there is not much difference between the proposed tariffs for Phase-I and Phase-II, the tariffs proposed for Phase-II may as well be adopted as such both for ‘Container related charges’ and charge for ‘Other cargos’.

(ii). The NMPT has considered depreciation in respect of cargo handling equipment only at 9.5% as against the norm of 10.34% normally considered by TAMP for container handling equipment.

(iii). The share of empty containers is taken as 30%. This may be retained at 40% as considered in the draft tariff proposal furnished earlier by the NMPT.

(iv). Earlier, it was pointed out to NMPT vide ICTIPL letter dated 14 November 2018 that the apportionment of ARR on the basis of the earlier Orders of TAMP issued in 2009 in respect of the container terminal may not be correct for the present exercise and may give a distorted picture because the ratios assumed for split of different categories may not be true in the present context. For example, the share of empty containers assumed in 2009 was 15% whereas it is now 40%.

(v). This may lead to non-realisation of ARR by the operator as revenues from empty containers will be much less. It is not clear from the revised tariff proposals now forwarded by NMPT whether this point has been considered.

(vi). For the purpose of calculation of ‘Optimal Yard Capacity’, ground slots of 360 per hectare has been considered. This is very much on the higher side considering that the 14 hectares are located at two different areas, which will cone in the way of integrated operations and need to provide additional area for movement of reach stackers, tractor trailers, etc. While fixing reference tariff for Kandla Port Container Terminal bearing case no.TAMP/43/2014-KPT, passed on 05 February 2015 and notified on 17 March 2015, reference was made to the Order passed under no.TAMP/40/2008-JNPT dated 25 February 2009, by which TAMP had recognised that the maximum ground slots feasible as per international norms is 286 TEUs per hectare. Accordingly, the Optimal Yard Capacity would work out to 281,050 TEUs as against 353,769 TEUs indicated in NMPT proposal. In fact, the ground slots feasible at NMPT disjointed, odd-shaped plots would be much less. For the purpose of fixation of reference tariff at NMPT, it is necessary that the TAMP work our Optimal Yard Capacity considering 286 TEUs per hectare or less.

It is requested that the above points may please be considered before notifying the tariffs.

*****