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Tariff Authority for Major Ports

G.No. 53 **New Delhi, 19 February 2013**

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Visakhapatnam Port Trust for setting upfront tariff for handling containers at the proposed extension of container terminal in the outer harbour of Visakhapatnam Port Trust in pursuance of the guidelines for upfront tariff setting at Major Ports which was notified vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008, as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports

Case No. TAMP/61/2012-VPT

Visakhapatnam Port Trust - - - - - Applicant

QUORUM:

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

O R D E R

(Passed on this 11th day of January 2013)

This case relates to the proposal received from the Visakhapatnam Port Trust (VPT) for setting upfront tariff for handling containers at the proposed container terminal in the outer harbour of Visakhapatnam Port on DBFOT basis.

2. The main points made by the VPT in its proposal dated 11 October 2012 are summarised below:

(i). The container traffic in terms of tonnage handled at VPT during the last five years has grown from 1.13 MTPA in 2007-08 to 4.22 MTPA in 2011-12, registering a compound annual growth rate of 38.88%.

(ii). Based on the projections made, the container traffic at Visakhapatnam Port is expected to grow to around 0.62 million TEUs in 2015-16, 1.00 million TEUs in 2021-22 and 1.40 million TEUs by the end of the year 2025-26, under the 'most likely scenario'.

(iii). To cater to the anticipated growth in the container traffic, the port has proposed to construct a new terminal on the eastern side of the existing terminal, extending upto the Eastern breakwaters.

(iv). The physical features are as follows:

Length	395 m
Width	34 m
Draft	15.50 mtrs.
Capacity	12,000 + TEUs
DWT	1,50,000
Displacement Tonnage (DT)	1,85,000
Ultimate Dredge depth	(-) 19.0 m

(v). Proposed mechanical works:

Description	As per TAMP	As per TEFR
Ship to shore cranes	4	3 *
Rubber tyred gantry cranes	9 (3 per ship crane)	9
Tractor/ trailer	18 (3 per ship crane)	24
Reach stacker	--	5
Top lift truck	--	1
Power supply, illumination and fire fighting		

* Keeping in view of the limitation in yard capacity

(vi). Optimal Capacity:

(a). Optimal Quay Capacity:

The optimal quay capacity is assessed at 597,870 TEUs per annum adopting the following values:

Sr. No.	Parameters	Values considered by VPT
A.	Number of Gantry cranes deployed for work in a year	3
B.	Number of working hours of gantry cranes in a year	24 x 365
C.	Average number of moves per gantry cranes (moves/ hour)	25
D.	TEU Ratio	1.3
E.	Optimal Capacity ratio	70%
	Optimal Quay Capacity (3 x 24 x 365 x 25 x 1.3 x 70%)	**597,870 TEUs**

(b). Optimal Yard Capacity:

The optimum yard capacity is assessed at 330,185 TEUs per annum adopting the following values:

Sr. No.	Parameters	Values considered by VPT
A.	Total Ground Slots in TEUs (as per norms 720 TEUs per hectare)	1440
B.	Average stack height	3.5
C.	Period in number of days	365
D.	Surge factor	1.3
E.	Average Dwell time	4 days-Exports 2 days-Imports
	Optimal Yard Capacity (0.7 x 1440 x 3.5 x 365 / 1.3 x 3)	**330,185 TEUs**

(c). Accordingly, the optimum capacity of container terminal is assessed at 330,185 TEUs per annum being lower of the quay and yard capacities.

(vii). Capital Cost of the project:

The capital cost for the extension of container terminal is estimated at ₹633.11 crores. The break up of the capital cost is tabulated below:

(**₹ in lakhs**)

Sl. No.	Item of work	Base cost	3% contin-gencies	7% PS charges	2.8% WCT	Total
	HANDLING ACTIVITY					
A	**Civil Construction Cost**					
1	Rock bund construction and filling	8153.94	244.62	587.90	251.62	9238.08
2	Pavement for Container Storage yards, terminal roads and other operational areas	2243.68	67.31	161.77	69.24	2542.00
3	Storm water Drainage system	145.42	4.36	10.48	4.49	164.75
4	Buildings, Security compound wall and Gates	608.92	18.27	43.90	18.79	689.88
5	Water supply including water tanks	30.00	0.90	2.16	0.93	33.99
	Sub Total (1 to 5)	**11181.96**	**335.46**	**806.21**	**345.07**	**12668.70**
B	**Handling Equipment**					
1	3 Nos. Ship to Shore Cranes	15000.00	450.00	1081.50	462.88	16994.38
2	9 Nos. Rubber Tyred Gantry	9000.00	270.00	648.90	277.73	10196.63
3	24 Nos. Tractor- Trailer units	1200.00	36.00	86.52	37.03	1359.55
4	5 Nos. Reach Stackers	1500.00	45.00	108.15	46.29	1699.44
5	1 No. Top Lift Truck	200.00	6.00	14.42	6.17	226.59
6	Power Supply and Illumination	1114.00	33.42	80.32	34.38	1262.12
7	Fire Fighting System	200.00	6.00	14.42	6.17	226.59
	Sub Total (1 to 7)	**28214.00**	**846.42**	**2034.23**	**870.65**	**31965.30**

Sl. No.	Item of work	Base cost	3% contin-gencies	7% PS charges	2.8% WCT	Total
C	**IT System cost** (2% of the sum total of the Civil construction and equipment)	**787.92**	**23.64**	**56.81**	**24.31**	**892.68**
D	**Other costs** including Financing cost and IDC (10% of civil construction & eqpmnt.)	**3939.60**	**118.19**	**284.04**	**121.57**	**4463.40**
	Total Cost for Container Handling Activity (A+B+C+D)	**44123.48**	**1323.71**	**3181.29**	**1361.60**	**49990.08**
E	**BERTH HIRE ACTIVITY**					
1	Construction of berth (395m x 34m)	10723.12	321.69	773.14	330.90	12148.85
2	Construction of a 200 T capacity Mooring dolphin	476.26	14.29	34.34	14.70	539.59
3	Dredging cost	558.68	16.76	40.28	17.24	632.96
	Total Cost of Berthing Activity	**11758.06**	**352.74**	**847.76**	**362.84**	**13321.40**
F	**Total Capital Cost (A+B+C+D+E)**					**63311.48**

(As per the guidelines, 1 quay crane for 100 mtrs. of length is required to be deployed. In the present proposal, considering the restricted yard space and number of ground slots, 3 numbers of quay cranes are proposed.)

(viii). Operating cost:
The operating cost is assessed as per the norms prescribed in the guidelines at ₹13743.11 lakhs.

(**₹ in lakhs**)

Sl. No.	Particulars	Amount
A.	**HANDLING ACTIVITY**	
1	**Power** (8 Kwh/ TEU x 330185TEUs x ₹6.485 / KWH)	171.30
2	**Fuel (4 LT x 330185 x ₹50.39)** (according to revised fuel rates)	665.52
3	**Repairs and Maintenance cost**	
	a) Civil (1% of all civil assets) i.e. ₹12668.70 lakhs x 1%	126.69
	b) Mech, Electrical and IT systems (2% of Mech., Elec.- 31965.30 & IT systems - 892.68) i.e. ₹32857.98 lakhs x 2%	657.16
4	**Insurance** 1% of gross fixed assets i.e. ₹49990.08 lakhs x 1%	499.90
5	**Depreciation**	
	a) Civil (3.34% of all civil assets) i.e. ₹12668.70 lakhs x 3.34%	423.13
	b) Mech., Electrical & IT systems (10.34% of Mech., Ele. & IT systems (i.e. ₹32857.98 lakhs x 10.34%)	3397.52
6	**Licence Fee** (as given by Port)	251.48
7	**Other Expenses** (15% of Gross fixed assets i.e. ₹49990.08 lakhs x 15%)	7498.51
	Total Operation and Maintenance cost for handling activity	**13691.21**
B.	**BERTH HIRE ACTIVITY**	
1	Repairs and Maintenance cost (1% of all berth cost) i.e. ₹13321.40 lakhs x 1%	133.21
2	Insurance (1% of gross fixed assets i.e. ₹13321.40 lakhs x 1%)	133.21
3	Depreciation (3.34% of berth cost) i.e. ₹13321.40 lakhs x 3.34%	444.93
	Total operating cost for berth hire activity	**711.35**
C.	**TOTAL OPERATING COST (A) + (B)**	**14402.56**

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

(x). Annual Revenue Requirement

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

(**₹ in lakhs**)

Sl. No.	Particulars	Handling Activity	Berth Hire Activity
1.	Total annual operating cost	13691.21	711.35
2.	Return on capital employed	7998.41	2131.42
	ANNUAL REVENUE REQUIREMENT	**21689.62**	**2842.77**

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

(**₹ in lakhs**)

Tariff group	% of revenue allocated	Annual revenue requirement (Rupee)
Container handling charges	90%	19520.66
Ground rent charges	7%	1518.27
Miscellaneous charges	3%	650.69
Total	**100%**	**21689.62**

(xii). Taking into account the container mix at VPT during the year 2011-12, the VPT has arrived at the handling charges for the various operations carried out for the various types of containers.

(xiii). Taking into account the ratio of import and export containers and the dwell time of import and export cargo and the number of containers attracting storage charges, the VPT has proposed Storage charges for the different types of containers.

(xiv). The berth hire charges proposed by the port for foreign vessel is ₹1.895 per GRT per hour and for coastal vessel is ₹1.137 per GRT per hour.

(xv). The miscellaneous charges is towards rendering the services like pre-trip inspection, Reefer run test, shifting and cleaning of containers, cancellation of documents, customs inspection etc.

(xvi). The VPT has submitted the proposed Scale of Rates for various services expected to be offered at the terminal along with the terms and conditions governing the rates.

3. In accordance with the consultation process prescribed, the proposal dated 11 October 2012 was circulated to the users/ user organisations/ RFQ Applicants (as forwarded by the VPT) seeking their comments. We have received comments only from Visakha Container Terminal Pvt. Ltd. (VCTPL) which have been forwarded to the VPT as feedback information. The VPT has responded to the comments of the VCTPL.

4. Based on a preliminary scrutiny of the proposal, the VPT was requested vide our letter dated 29 October 2012 to furnish additional information/ clarifications on certain points. The VPT has responded under cover of its letter dated 14 November 2012. A summary of the queries raised by us and the corresponding replies furnished by the VPT are tabulated below:

Sl. No.	Queries raised by us	Reply furnished by VPT
1.	**General:-**	
(i).	The proposal of the VPT in reference is to fix upfront tariff cap for a container terminal based on the proposed development of 395 metres of quay. The VPT may explain the rationale behind considering the quay length of 395 metres as the configuration for a standard container terminal at VPT.	At present, direct sailing container vessels call at the port and predominant of these vessels are of Panama Class. The latest trend in container shipping is that new panama vessels are likely to become the most popular size in the near future for main line service since the third Panama lock is scheduled for commissioning in 2013. This lock can accommodate vessels with limiting dimensions upto 366 mtrs. The capacity of these vessels is 12000 TEUs. Considering the potential for

		container traffic growth and in order to have the scalability of the facility keeping in view the future requirements, it is prudent to plan the berth facility for new panama class vessels. Accordingly, a berth length of 395 mtrs. is considered to accommodate vessels upto 366 mtrs. with a capacity of 12000 TEUs. Also, considering the future port development requirements of widening the approach channel for two lane navigation and adding more berths in the outer harbour, the maximum berth length that can be developed in the same alignment is arrived at 395 mtrs.
(ii).	It may be confirmed as to whether the basic features and the terms of concessions applicable to the project of development of 395 metres of quay will be similar to the future container handling projects at VPT.	The basic features of the terminal depends upon the deployment pattern of the vessels, nature of traffic in terms of main line/ feeder etc., the location and topography of the area.
(iii).	From the capital cost estimation furnished by the port, it is seen that the VPT has envisaged construction of a 200 T capacity Mooring Dolphin. It may be confirmed whether the construction of a 200 T capacity Mooring Dolphin envisaged for the project of 395 metres of quay length will be a feature for the future container handling projects also, as the tariff cap to be prescribed by this Authority would be applicable to all the projects to be bid out for container handling operation at the VPT during the next five years.	It is not necessary to have a 200 T capacity Mooring Dolphin for all the future terminals as it depends on the configuration and topography of the area where the future Terminals are going to come up. In this context, it is to clarify that the future terminals are likely to come up only in the second part of the 13th plan i.e. after 5 years.
2.	**<u>Optimal Capacity:-</u>**	
(i).	<u>Quay Capacity:</u>	
	(a). On the ground that the yard capacity is a constraint, the VPT has envisaged the quay capacity of the terminal by considering the deployment of 3 nos. of ship to shore cranes. In this regard, it is seen that even with the deployment of 3 cranes, there is seen to be a wide mismatch between quay capacity and yard capacity of the terminal. The quay capacity is seen to be around 81% more than the yard capacity. In such a scenario, the VPT is requested to review the berth configuration and determine the requirement of quay cranes accordingly following the norms prescribed for the number of quay cranes in the upfront guidelines, if the yard capacity is a constraint.	The norm given by the TAMP as 1 crane for 100 mtrs. is indicative. The number of cranes to be installed in a terminal is decided with due consideration to the terminal throughput besides ship size and quay length. In this case, keeping all these factor in view, the consultants have recommended deployment of 3 cranes. Nevertheless, it is proposed to install cranes with Twin Tandem system which is capable of lifting 2 boxes simultaneously. These cranes are becoming more popular in high throughput terminals. These cranes have lifting capacity to the order of 100-120 tonne and 80 tonne at medium throughput terminals. As such, it is proposed to deploy Twin-lift Tandem Cranes of 80 T capacity with outer reach of 56 mtrs. It is proposed to design the berth for a corner load of 600 tonnes so that cranes with increased corner loads could be installed. While estimating the capital cost, this has been factored. However, keeping in view the suggestion of TAMP, capacity mis-match is reviewed.
	(b). The VPT in its proposal has envisaged deployment of twin lift tandem cranes of 80 MT capacity at the proposed terminal. This would definitely give productivity higher than 25 moves per hour. In view of this position, the VPT is requested to review the quay capacity of the proposed container terminal by taking into account the higher productivity of the cranes.	Although the proposal envisages deployment of twin lift tandem cranes, the productivity will depend on the type of vessels handled. The anticipated deployment of vessels is a combination of different sizes. Further, with a quay length of only 395 meters, either one big mother vessel or two small daughter vessels only can be handled. The productivity norm of 25 per crane as fixed by TAMP in their guidelines is considered reasonable.

<table>
<tr><td></td><td>(c). The TEU ratio of 1.3 considered by the VPT may be justified with reference to the actual TEU ratio at the VPT for the past three years i.e. 2009-10 to 2011-12.</td><td>The data for the last 3 years as appended below:
<table><tr><th></th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr><tr><td>TEUs</td><td>97560</td><td>145434</td><td>234787</td></tr><tr><td>Containers</td><td>82627</td><td>120948</td><td>191418</td></tr><tr><td>20’</td><td>67694</td><td>96462</td><td>148030</td></tr><tr><td>40’</td><td>14933</td><td>24486</td><td>43379</td></tr><tr><td>TEU ratio</td><td>1.18</td><td>1.20</td><td>1.23</td></tr></table>
The TEU ratio of 1.3 considered is as per the norm fixed by TAMP. The actual figures of VCT are also close to this mark. So, 1.3 may be continued.</td></tr>
<tr><td>(ii).</td><td><u>Yard Capacity:</u></td><td></td></tr>
<tr><td></td><td>(a). It is not clear from the proposal as to how much area of land is proposed to be allotted to the allottee, except that in the Feasibility Report, for determining the operating costs, the licence fee has been calculated for an area of 141000 sq.m. The VPT is requested to furnish details of the actual area of land available for use and the distribution of available land in terms of storage facility and auxiliary facility at the proposed facility. Similar details may be furnished in respect of the other existing container terminal operating at VPT.</td><td>The total land area proposed to be allotted is 14.1 hectares of which actual storage area delineated for ground slots is 41230 sqms. (310 x 133) (23.80m x 5 + 3.50m x 4 = 133m). The distribution of land proposed is as follows:
(in sq. mtrs.)<table><tr><td>Container storage yard (310m x 133m)</td><td>:</td><td>41230</td></tr><tr><td>RTG transfer tracks</td><td>:</td><td>3600</td></tr><tr><td>Empty container yard</td><td>:</td><td>5900</td></tr><tr><td>Buildings and amenities for employees and operations</td><td>:</td><td>21150</td></tr><tr><td>Truck parking area</td><td>:</td><td>9650</td></tr><tr><td>Landscaping</td><td>:</td><td>5400</td></tr><tr><td>Terminal roads, pavements and other operational areas</td><td>:</td><td>54070</td></tr><tr><td>Total</td><td>:</td><td>141,000</td></tr></table>
In order to address the mis-match between quay and yard capacity, an additional area of 18070 sq. mtrs. is provided for container storage.

(Thereafter, the VPT vide its letter dated 28 December 2012 has communicated that an additional area of 6,500 sq. mtrs., is also being provided

Similar details of the existing terminal have been furnished. (In this regard, the VPT has furnished the Land Use plan of Visakha Container Terminal Private Limited (VCTPL).</td></tr>
<tr><td></td><td>(b). The analysis done by VPT to arrive at the total ground slots of 1440 TEUs may be furnished.</td><td>Basis for 1440 ground slots:<table><tr><td>Berth length</td><td>:</td><td>395 mtrs.</td></tr><tr><td>Space left at both ends</td><td></td><td></td></tr><tr><td>- for the boundaries</td><td>:</td><td>5 mtrs. each</td></tr><tr><td>- Roadways</td><td>:</td><td>24 mtrs. each</td></tr><tr><td>- RTG transfer trucks</td><td>:</td><td>13.5 mtrs. each</td></tr><tr><td></td><td colspan="2">42.5 mtrs. x 2 = 85 mtrs.</td></tr><tr><td>Length available for loaded container stacking</td><td>:</td><td>310 mtrs.</td></tr><tr><td>Individual slots for 20’</td><td>:</td><td>2.79 mtrs. x 6.45 mtrs.</td></tr><tr><td>No. of ground slots per row</td><td>:</td><td>310 mtrs./ 6.45 mtrs. = 48</td></tr><tr><td>Maximum no. of bays</td><td>:</td><td>5</td></tr><tr><td>No. of rows in each bay</td><td>:</td><td>6</td></tr><tr><td>Total ground slots</td><td>:</td><td>48 x 5 x 6 = 1440</td></tr></table>
In the context, it is to submit that the ground slots per hectare considered by VPT is relatively higher than the slots considered by JNPT container terminal (approved by TAMP) as the following table illustrates:</td></tr>
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<table>
<tr><td></td><td></td><td><table><tr><th></th><th>JNPT</th><th>VPT</th></tr><tr><td>Area (hectares)</td><td>49</td><td>4.1</td></tr><tr><td>No. of ground slots</td><td>14000</td><td>1440</td></tr><tr><td>Ground slots per hectare</td><td>286</td><td>351</td></tr><tr><td>Area considered per slot</td><td>35 sqms.</td><td>28 sqms.</td></tr></table>
An additional 600 nos. of ground slots are being provided in the additional area of 18070 sq. mtrs. Thus the total ground slots of the terminal works out to 2040.</td></tr>
<tr><td></td><td>(c). The VPT has considered an average stack height of 3.5. In this context, the VPT to furnish the actual stack height of containers that prevailed at the private terminal being operated at the VPT during the last three years.</td><td>The container terminal operated by VCTPL was having a yard inventory of 6500 TEUs in a TGS of 1850 during 2011-12. On that basis the stack height works out to 3.5. This is more than the average stack height norm of 2.5 prescribed by TAMP and 3 considered by JNPT.</td></tr>
<tr><td></td><td>(d). The analysis done by VPT to arrive at the surge factor of 1.3 may be furnished.</td><td>The surge factor has been taken as 1.3 as per the norms indicated by TAMP in their guidelines.</td></tr>
<tr><td></td><td>(e). The average dwell time of 3 days, based on 4 days for exports and 2 days for import may be justified taking into account the actual average dwell time that prevailed at the private container terminal being operated at the VPT during the last three years.</td><td>The actual dwell time that prevailed at the private container terminal being operated at the VPT during the last three years is as under:<table><tr><th>Year</th><th>Imports (days)</th><th>Exports (days)</th></tr><tr><td>2009-10</td><td>2.8</td><td>2.9</td></tr><tr><td>2010-11</td><td>3.3</td><td>3.2</td></tr><tr><td>2011-12</td><td>4.1</td><td>3.8</td></tr></table>
The average dwell time of three days which is also as per the norm prescribed by TAMP is therefore fully justified.</td></tr>
<tr><td>3.</td><td><u>Capital Cost Estimation:-</u></td><td></td></tr>
<tr><td>(i).</td><td>Civil Cost:</td><td></td></tr>
<tr><td></td><td>(a). The Feasibility Report mentions that the estimation of Civil cost are based on current Schedule of rates of VPT. The VPT has furnished Workings to arrive at the various components of Civil costs. However, the VPT is requested to furnish the current Schedule of Rates highlighting the rates considered for estimation of each item of civil cost under Cargo handling activity and Berth hire activity.</td><td>Basis of estimate is furnished.
(The VPT has furnished the Schedule of Rates.)</td></tr>
<tr><td></td><td>(b). For each component of civil construction cost, the VPT has also estimated cost towards contingencies (3%), PS charges (7%) and WCT (2.8%). Please explain the nature of the said charges. Also justify the percentage considered towards the said expenditure.</td><td>In addition to the provision for the expenditure which could be foreseen and incorporated in the detail estimate, a provision of 3% on the cost of estimate should be added to cover the cost of unforeseen contingencies.
Break up for 7%:
Provision for supervision charges: 5%
¼ % is for preparation of preliminary estimates
¾ % is for preparation of detailed estimates based on the detailed structural drawings
1% for structural designs, and drawings.</td></tr>
<tr><td></td><td>(c). The basis for the lumpsum considered for water supply may be furnished justifying the cost considered in the estimates.</td><td>0.13% of civil cost based on the past experience.</td></tr>
<tr><td>(ii).</td><td>Equipment Cost:</td><td></td></tr>
<tr><td></td><td>(a). The Upfront tariff guidelines prescribe a norm of 1 Ship Shore crane for every 100 metres of quay length. Incase of fixation of upfront tariff for the container terminal coming up at Jawaharlal Nehru Port Trust (JNPT), 1 no. of crane has been considered for every 83.33 metres of quay length. However, the</td><td>For quay crane deployment, clarification furnished vide S.No.2(i) above. However, the yard capacity has been re-visited and additional land has been identified to address the mis-match as explained below:

Additional area proposed to be allotted behind
GCB berth for storage : 18070 sqms.</td></tr>
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<tr><td></td><td>VPT has considered deployment of only 3 cranes, whereas, as per the guidelines position, deployment of 4 cranes is necessary for the length of 395 metres of the proposed berth. In view of the position, the VPT is requested to review its quay capacity. Also, since the Quay Capacity may witness an increase in the event of deployment of more ship to shore cranes, the VPT is requested to relook at the factors considered by it in the calculation of Yard Capacity and improve the Yard Capacity to minimize the gap between Yard Capacity and Quay Capacity.</td><td><table><tr><td>No. of ground slots in the additional area</td><td>:</td><td>600</td></tr><tr><td>Total no. of ground slots</td><td>:</td><td>1440+600=2040</td></tr></table>
Yard capacity = 0.70 x 2040 x 3.5 x 365/ 3.9 = 467762 TEUs or 4.68 Lakh TEUs

Optimum yard capacity is 4.68 Lakh TEUs. Thus, mis-match is duly addressed keeping in view the suggestion made by TAMP and the revised terminal capacity stands at 4.68 TEUs (minimum of the two).</td></tr>
<tr><td></td><td>(b). Based on the change in the number of ship shore cranes, the VPT is requested to review the requirement of all other equipment like Rubber Tyred Gantry Cranes (RTGCs), Tractor Trailers, Reach Stackers, Top Lift Trucks etc.</td><td>Does not arise.</td></tr>
<tr><td></td><td>(c). The Upfront Guidelines prescribe a norm of 6 nos. of Tractor Trailer for each no. of ship shore crane. For the deployment of 3 nos. of cranes, the VPT has considered the deployment of 24 nos. of trailers, as against the prescribed norm of 18 nos. Please justify the said deviation from the guidelines position.</td><td>24 nos. tractor trailers has been suggested keeping in view the requirements of the topography of the extension terminal. There is no space for a rail yard within the Terminal. VPT is proposing a rail Terminal in the GCB area which is away from the Terminal. For movement of containers to the rail yard more trailers are required.</td></tr>
<tr><td></td><td>(d). The Upfront Guidelines prescribe a norm of 1 no. of Reach Stacker/ Top lift Truck for 9 nos. of RTGCs. For the deployment of 9 nos. of RTGCs, the VPT has considered the deployment of 5 nos. of reach stackers and 1 no. of top lift truck. Please justify the said deviation from the guidelines position.</td><td>The norm prescribed by TAMP and the equipment envisaged by the port are furnished below:<table><tr><th></th><th>Equipment</th><th>TAMP</th><th>VPT</th></tr><tr><td>1.</td><td>RMQCs</td><td>1 for handling 6 rakes per day</td><td>#</td></tr><tr><td>2.</td><td>RTGCs</td><td>3 for each gantry crane</td><td>9 (3x3)</td></tr><tr><td>3.</td><td>Reach stacker/ Top lift</td><td>1 for 9 RTGCs</td><td>5 *</td></tr><tr><td>4.</td><td>Tractor trailers</td><td>6 for each gantry crane</td><td>24 (3x8)@</td></tr></table>* 2 nos. are proposed for handling boxes in the terminal at places other than main parking yard and 3 reach stackers are planned for handling full train of containers.

@ Ship to shore cranes will handle 25 moves per hour. Number of tractor trailers per move will be 2 per crane. The estimated maximum distance of travel for one complete cycle is 1.6 kms. and estimated time per cycle will be 10 minutes. As such, number of tractor trailers required for 1 crane for handling rate of 25 moves per hour will be 8.

The proposal does not envisage procurement of RMQC. Instead, it is envisaged to have 5 nos. of reach stackers and one number of top lift truck (empty handler)</td></tr>
<tr><td></td><td>(e). The Feasibility Report mentions that the estimation of mechanical & electrical works cost are based on the prevailing market rate. The VPT is requested to furnish budgetary quotations to support the base rate of each equipment considered by it in the calculation of capital costs. Please confirm whether the applicable taxes and duties are included in the estimated unit cost. Also, please furnish workings to arrive at the cost of each type of equipment as considered by VPT in its calculations, from the amount specified in the budgetary quotations.</td><td>It may not be possible to provide budgetary quotations as none of the manufactures/ dealers are willing to provide them. The estimates are prepared based on various sources studied through the websites.</td></tr>
</table>

	(f). For each type of equipment cost, the VPT has also estimated cost towards contingencies (3%), PS charges (7%) and WCT (2.8%). Please explain the nature of the said expenditure. Also justify the percentage considered towards the said charges.	As per standard procedure followed in earlier BOT proposals approved by TAMP.
4.	**Operating Cost:-**	
(i).	Power cost: The VPT is requested to furnish documentary evidence in support of the power cost of ₹6.485/ KWH considered in the calculations.	Documentary evidence have already been furnished. However, a copy of the same is attached. (The VPT has furnished the Power Tariff Schedule and workings in support of the power cost of ₹6.485/ KWH)
(ii).	Licence Fee: The basis for considering the rate of ₹178.36 per sq.m for determination of licence fee may be explained with necessary workings.	The details of license fee have already been furnished. However, a copy of the same is attached. The details of license fee for the additional area of 18070 sq. mtrs. provided for storage is furnished. (The VPT has furnished workings to arrive at the rate of ₹178.36 per sq.m.)
5.	**Cargo handling charges calculation:-** The VPT is seen to have considered the container mix of the existing container terminal during the year 2011-12 as the base to determine the upfront tariff rate for each activity at the proposed container terminal. In this regard, it may be more appropriate to consider the average container mix of the past three years i.e. 2009-10 to 2011-12 as the base to determine the upfront tariff.	The container traffic picked up from past two years, particularly 2011-12 is mainly due to handling of transshipment cargo. During 2011-12, transshipment of about 74582 TEUs were handled constituting 32% of the total container traffic. Traffic study revealed that this trend will continue. Accordingly, it is prudent to consider 2011-12 only as the basis instead of average of 3 years as trend observed in 2011-12 is more realistic.
6.	**Miscellaneous charge calculation:-** It is not clear as to how the VPT has arrived at the per TEU rate for each activity mentioned under 'Miscellaneous charge', from the Revenue Requirement relevant for the Miscellaneous activity. Please establish with workings that with the proposed charges for the various items listed under 'Miscellaneous charge' the operator would be in a position to earn revenue estimated at ₹652.25 lakhs.	An indicative list of miscellaneous activities include: hatch cover handling, pre trip inspection, reefer run test, supply of electricity for reefer containers, shut out containers, shifting of containers, fixing/ removal of seal, customs inspection, etc. Quantification of these activities in terms of number of times the activity is likely to be carried out for all the activities may not be realistic as a definite trend cannot be established. However, an exercise to quantify the revenue has been made in case of the activities such as hatch covers handling, pre trip inspection and reefer run test, reefer electricity and shifting basing on the actual data at the existing terminal for the period from April to September 2012 and furnished. It could be seen from the exercise that the revenue on account of the above miscellaneous activities worked out to ₹650.02 lakhs against the requirement of ₹662.12 lakhs. However, it may be prudent to consider the existing rates approved by TAMP effective from 1.9.2012 at the existing terminal for miscellaneous activities for the proposed extension also.
7.	**Berth Hire calculation:-** In the workings, the VPT has considered the productivity of the crane at 22.5 moves per hour. In this regard, it may be noted that the upfront guidelines prescribe the norm of 25 moves per hour. Further, as stated earlier, since the VPT has envisaged deployment of twin lift tandem crane of 80 MT capacity, the productivity of the crane could be even higher than 25 moves per hour. In view of this position, the VPT is requested to review/ modify the calculation of berth hire.	As suggested, the berth hire calculation has been modified duly reckoning 25 moves per crane per hour.

5.1. While responding to the queries under cover of its letter dated 14 November 2012, the VPT has also revised its proposal of October 2012 mainly addressing the mismatch between quay and yard capacities. A comparative position between the initial proposal dated 11 October 2012 and the revised proposal dated 14 November 2012 are summarized below:

(i). Optimal capacity:

The Optimal Quay Capacity has been maintained at 597870 TEUs (based on deployment of 3 Gantry cranes). However, the yard capacity has been increased from 330185 TEUs to 467762 TEUs, as explained below, thereby minimizing the gap between the Quay and Yard capacity.

The optimum yard capacity is revised and assessed at 4,67,762 TEUs per annum adopting the following values:

Sr. No.	Parameters	Values considered by VPT in its proposal of October 2012	Values considered by VPT in its proposal of November 2012
A.	Total Ground Slots in TEUs (as per norms 720 TEUs per hectare)	1440	2040
B.	Average stack height	3.5	3.5
C.	Period in number of days	365	365
D.	Surge factor	1.3	1.3
E.	Average Dwell time	4 days-Exports 2 days-Imports	4 days-Exports 2 days-Imports
	Optimal Yard Capacity	**330,185 TEUs** ((0.7 x 1440 x 3.5 x 365 / (1.3 x 3))	**467,762 TEUs** ((0.7 x 2040 x 3.5 x 365 / (1.3 x 3))

Accordingly, the optimum capacity of container terminal is assessed at 467,762 TEUs per annum being lower of the quay and yard capacities.

(ii). The capital cost of the proposed facility is maintained at ₹633.11 crores.

(iii). Operating cost:

(₹ in lakhs)

Sl. No.	Particulars	Initial proposal of October 2012		Revised proposal of November 2012	
		Workings	₹ in lakhs	Workings	₹ in lakhs
A.	**HANDLING ACTIVITY**				
1	**Power**	8 Kwh/ TEU x 330185TEUs x ₹6.485 / KWH	171.30	8 Kwh / TEU x 467762TEUs x ₹6.485/ KWH	242.67
2	**Fuel** (according to revised fuel rates)	4 LT x 330185 x `50.39	665.52	4 LT x 467762 x `50.39	942.82
3	**Repairs and Maintenance cost**				
	a) Civil (1% of all civil assets)	₹12668.70 lakhs x 1%	126.69	₹12668.70 lakhs x 1%	126.69
	b) Mech, Electrical and IT systems	₹32857.98 lakhs x 2%	657.16	₹32857.98 lakhs x 2%	657.16
4	**Insurance** 1% of gross fixed assets	₹49990.08 lakhs x 1%	499.90	₹49990.08 lakhs x 1%	499.90
5	**Depreciation**				
	a) Civil (3.34% of all civil assets)	₹12668.70 lakhs x 3.34%	423.13	₹12668.70 lakhs x 3.34%	423.13
	b) Mech., Electrical & IT systems (10.34% of Mech., Ele. & IT systems)	₹32857.98 lakhs x 10.34%	3397.52	₹32857.98 lakhs x 10.34%	3397.52
6	**Licence Fee** (as given by Port)		251.48		283.72
7	**Other Expenses** (15% of Gross fixed assets)	₹49990.08 lakhs x 15%	7498.51	₹49990.08 lakhs x 15%	7498.51
	Total Operation and Maintenance cost for handling activity		**13691.21**		**14072.12**
B.	**BERTH HIRE ACTIVITY**				
1	Repairs and Maintenance cost (1% of all berth cost)	₹13321.40 lakhs x 1%	133.21	₹13321.40 lakhs x 1%	133.21

Sl. No.	Particulars	Initial proposal of October 2012		Revised proposal of November 2012	
		Workings	₹ in lakhs	Workings	₹ in lakhs
2	Insurance (1% of gross fixed assets)	₹13321.40 lakhs x 1%	133.21	₹13321.40 lakhs x 1%	133.21
3	Depreciation (3.34% of berth cost)	₹13321.40 lakhs x 3.34%	444.93	₹13321.40 lakhs x 3.34%	444.93
	Total operating cost for berth hire activity		**711.35**		**711.35**
C.	**TOTAL OPERATING COST (A) + (B)**		**14402.56**		**14783.47**

(iv). The revenue requirement estimated by VPT is as follows:

Sl. No.	Particulars	Initial proposal of October 2012		Revised proposal of November 2012	
		Handling Activity	Berth Hire Activity	Handling Activity	Berth Hire Activity
1.	Total annual operating cost	13691.21	711.35	14072.12	711.35
2.	Return on capital employed	7998.41	2131.42	7998.41	2131.42
	ANNUAL REVENUE REQUIREMENT	**21689.62**	**2842.77**	**22070.53**	**2842.77**

(v). Apportionment of Annual Revenue Requirement:

(₹ in lakhs)

Tariff group	% of revenue allocated	Annual revenue requirement (Rupee)	
		Initial proposal of October 2012	Revised proposal of November 2012
Container handling charges	90%	19520.66	19863.48
Ground rent charges	7%	1518.27	1544.94
Miscellaneous charges	3%	650.69	662.11
Total	**100%**	**21689.62**	**22070.53**

5.2. In view of the above changes, the upfront tariff earlier proposed by VPT has also undergone a change. A comparative position with regard to the various upfront tariff proposed by the VPT in its initial proposal of October 2012 and the revised proposal of November 2012 is given below:

(i). Berth hire charges:

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

Description	Initial proposal of October 2012		Revised proposal of November 2012	
	Foreign vessel	Coastal vessel	Foreign vessel	Coastal vessel
For occupying the berth	1.895	1.137	1.494	0.896

(Reduction in the revised proposal is around 21% as compared to the initial proposal)

(ii). Charges for handling and movement of containers:

(a). Composite rate for handling import and export containers:

(in ₹)

Sl. No.	Particulars	Container not exceeding 20 feet in length				Container exceeding 20 feet in length and upto 40 feet length				Container exceeding 40 feet in length and upto 45 feet length			
		Foreign-going		Coastal		Foreign-going		Coastal		Foreign-going		Coastal	
		Initial	Revised	Initial	Revised	Initial	Revised	Initial	Revised	Initial	Revised	Initial	Revised
(a).	Laden Containers - Import/ Export	6000	4310	3600	2586	9000	6464	5400	3879	12000	8620	7200	5172
(b).	Empty Containers - Import/ Export	4199	3016	2520	1810	6301	4526	3781	2716	8398	6032	5040	3620
(c).	Transport to Rail Flat from CY or Vice Versa and Lift on/ Lift off												
	- Loaded	2344	1683	2344	1683	3516	2525	3516	2525	4688	3366	4688	3366
	- Empty	2157	1549	2157	1549	3234	2323	3234	2323	4314	3098	4314	3098

(Reduction in the revised proposal is around 28% as compared to the initial proposal)

(b). Handling of Transhipment Containers:

(in ₹)

Particulars	Container not exceeding 20 feet in length				Container exceeding 20 feet in length and upto 40 feet length				Container exceeding 40 feet in length and upto 45 feet length			
	Foreign-going		Coastal		Foreign-going		Coastal		Foreign-going		Coastal	
	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012
Laden & Empty	7088	5091	4253	3055	10631	7636	6378	4581	14176	10182	8506	6110

(Reduction in the revised proposal is around 28% as compared to the initial proposal)

(iii). Charges for storage of containers:

(a). Import - Laden and empty containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012
(i).	First 1 day	Free	Free	Free	Free	Free	Free
(ii).	From 2 to 6 days	413	318	826	636	1239	954
(iii).	From 6 to 15 days	826	636	1652	1272	2478	1908
(iv).	Beyond 15 days	1652	1272	3304	2544	4956	3816

(Reduction in the revised proposal is around 23% as compared to the initial proposal)

(b). Export - Laden and empty containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012
(i).	First 2 days	Free	Free	Free	Free	Free	Free
(ii).	From 3 to 4 days	413	318	826	636	1239	954
(iii).	From 4 to 15 days	826	636	1652	1272	2478	1908
(iv).	Beyond 15 days	1652	1272	3304	2544	4956	3816

(Reduction in the revised proposal is around 23% as compared to the initial proposal)

(c). Transhipment Containers - Laden & Empty Containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012
(i).	First 30 days	Free	Free	Free	Free	Free	Free
(ii).	From 31 to 45 days	413	318	826	636	1239	954
(iii).	From 46 to 60 days	826	636	1652	1272	2478	1908
(iv).	Beyond 60 days	1652	1272	3304	2544	4956	3816

(Reduction in the revised proposal is around 23% as compared to the initial proposal)

(d). Shut out Containers - Laden & Empty Containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	**Particulars**	**Container not exceeding 20 feet in length**		**Container exceeding 20 feet in length and upto 40 feet length**		**Container exceeding 40 feet in length and upto 45 feet length**	
		Initial proposal of October 2012	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**
(i).	First 1 to 15 days	413	318	826	636	1239	954
(ii).	From 16 to 30 days	826	636	1652	1272	2478	1908
(iii).	Beyond 60 days	1652	1272	3304	2544	4956	3816

(Reduction in the revised proposal is around 23% as compared to the initial proposal)

(e). Hazardous Containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	**Particulars**	**Container not exceeding 20 feet in length**		**Container exceeding 20 feet in length and upto 40 feet length**		**Container exceeding 40 feet in length and upto 45 feet length**	
		Initial proposal of October 2012	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**
(i).	First day	Free	Free	Free	Free	Free	Free
(ii).	From 2 to 15 days	413	318	826	636	1239	954
(iii).	From 16 to 30 days	826	636	1652	1272	2478	1908
(iv).	Beyond 30 days	1652	1272	3304	2544	4956	3816

(Reduction in the revised proposal is around 23% as compared to the initial proposal)

(iv). (a). Charges to Miscellaneous Services:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	**Particulars**	**Container not exceeding 20 feet in length**		**Container exceeding 20 feet in length and upto 40 feet length**		**Container exceeding 40 feet in length and upto 45 feet length**	
		Foreign-going and Coastal		**Foreign-going and Coastal**		**Foreign-going and Coastal**	
		Initial proposal of October 2012	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**
(a).	Pre Trip Inspection (PTI) (Excluding the electricity charges)	562	348	844	522	1125	696
(b).	Reefer Run Test (Excluding the electricity charges)	562	348	844	522	1125	696
(c).	Charges for supply of electricity (including connecting and disconnecting, monitoring at Reefer yard) per 4 hours or part thereof-	349	216	524	324	698	432

(Reduction in the revised proposal is around 38% as compared to the initial proposal)

(b). Charges for a Shut out Container:

(**in ₹**)

Sl. No.	**Particulars**	**Container not exceeding 20 feet in length**		**Container exceeding 20 feet in length and upto 40 feet length**		**Container exceeding 40 feet in length and upto 45 feet length**	
		Initial proposal of October 2012	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**	**Initial proposal of October 2012**	**Revised proposal of November 2012**
(i).	Laden	3281	2030	4922	3045	6563	4060
(ii).	Empty	2906	1798	4359	2697	5813	3596

(Reduction in the revised proposal is around 38% as compared to the initial proposal)

(c). Additional charges:

(in ₹)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012	Initial proposal of October 2012	Revised proposal of November 2012
1.	Shifting of containers within the terminal including Lift on, Transportation, Lift off -Laden -Empty	3281 2906	2030 1798	4922 4359	3045 2697	6563 5813	4060 3596
2.	Container Cleaning Charges (High pressure water wash)	938	580	1406	870	1875	1160
3.	Cancellation of Document (Per EIR)	141	87	141	87	141	87
4.	One Door Open Charge (Per container)	938	580	938	580	938	580
5.	Fixing/ Removal of Seal (per seal)	375	232	375	232	375	232
6.	Fixing/ removal 'Hazardous Sticker' (per container)	375	232	375	232	375	232
7.	Customs inspection within the terminal (per container)	750	464	750	464	750	464
8.	Plugging/ unplugging of reefer container (per container)	-	58	-	58	-	58
9.	Non declaration/ mis declaration of hazardous container (per container)	-	3480	-	3480	-	3480
10.	Issuance of documents per document or part thereof (maximum of 5 pages)	281	174	281	174	281	174
11.	VIA cancellation	1875	1160	1875	1160	1875	1160
12.	Delay in submission of the relevant documents beyond the prescribed time (Charges are per document)	-	580	-	580	-	580
13.	Non declaration/ mis declaration of OOG container (rate per container)	-	3480	-	3480	-	3480
14.	Charges for providing gangway to vessel per calendar day	-	50 per hour per gangway subject to maximum of 1000 per day per gangway. Note: this is an optional service provided at the request of the user	-	50 per hour per gangway subject to maximum of 1000 per day per gangway. Note: this is an optional service provided at the request of the user	-	50 per hour per gangway subject to maximum of 1000 per day per gangway. Note: this is an optional service provided at the request of the user

(Reduction in the revised proposal is around 38% as compared to the initial proposal)

(d). Hatch cover handling for one operation (both opening and closing):

(in ₹)

Sl. No.	Description	Initial proposal		Revised proposal	
		Foreign vessel	Coastal vessel	Foreign vessel	Coastal vessel
(i).	Without landing Hatch Cover on the quay	2363	1418	1462	877
(ii).	With landing Hatch Cover on the quay	4725	2835	2923	1754

(Reduction in the revised proposal is around 40% as compared to the initial proposal)

5.3. As can be seen from above comparative position given in the tables, there is around 42% increase in the optimal capacity of the terminal. In view of increase in the optimal capacity, there is increase in the power and fuel cost around 42%. Further, the increase in optimal capacity has resulted in reduction in the unit rate of the proposed tariff as given below:

(i). Berth hire charges shows a reduction of around 21%.
(ii). Handling rate for import/ export and transhipment containers shows a reduction of around 28%.
(iii). The storage charges for all category of containers shows a reduction of around 23%.
(iv). The charges for miscellaneous services and charges for shut out containers shows reduction of around 38%.
(v). The charges for additional services shows a reduction of around 38%.
(vi). The VPT has also proposed some new tariff items under additional charges.
(vii). The charges for hatch cover handling shows around 40% increase.

6.1. In view of the significant reduction in the proposed charges and keeping in view that the VPT has proposed some new tariff items, the revised proposal dated 14 November 2012 was circulated to the users/ user organizations/ RFQ Applicants. The VPT was also requested to respond to the comments to be received from the users/ user organizations/ RFQ Applicants.

6.2. The Indian National Shipowners' Association (INSA) has submitted that they have no comments to offer on the revised proposal. The VCTPL, at the joint hearing held on 18 December 2012, has furnished its written comments on the revised proposal of VPT. A copy of the written comments received from VCTPL was forwarded to the VPT for its comments, if any. After a reminder, the VPT has furnished its reply to the written comments of VCTPL vide its letter dated 3 January 2013.

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

7.2. As agreed by the VPT at the joint hearing, the VPT was advised vide our letter dated 26 December 2012 to minimize the gap between yard capacity and quay capacity by considering the ground slots of 360 TEUs per hectare and further additional land area in the yard capacity calculation.

7.3. In this connection, the VPT vide its e-mail dated 28 December 2012 has further modified its proposal. A comparative position between the initial proposal dated 11 October 2012, revised proposal dated 14 November 2012 and further revised proposal dated 28 December 2012 are summarized below:

(i). <u>Optimal capacity of container terminal</u>:

(a). Optimal Quay Capacity:

The Optimal Quay Capacity has been maintained at 597,870 TEUs (based on deployment of 3 Gantry cranes) in all the three proposals.

(b). Optimal Yard Capacity:

The estimated optimal yard capacity has increased from 3,30,185 TEUs to 5,43,429 TEUs as shown in the following table:

Sl. No.	Parameters	Values considered by VPT in its proposal of October 2012	Values considered by VPT in its proposal of November 2012	Values considered by VPT in its revised proposal of December 2012
A.	Total Ground Slots in TEUs (as per norms 720 TEUs per hectare)	1440	2040	2370
B.	Average stack height	3.5	3.5	3.5
C.	Period in number of days	365	365	365
D.	Surge factor	1.3	1.3	1.3
E.	Average Dwell time	4 days-Exports 2 days-Imports	4 days-Exports 2 days-Imports	4 days-Exports 2 days-Imports
	Optimal Yard Capacity	**330,185 TEUs** [(0.7 x 1440 x 3.5 x 365 / 1.3 x 3)]	**467,762 TEUs** [(0.7 x 2040 x 3.5 x 365 / 1.3 x 3)]	**543,429 TEUs** [(0.7 x 2370 x 3.5 x 365 / 1.3 x 3)]

(c). Optimal terminal capacity:

	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
Optimum capacity of container terminal being lower of the quay and yard capacities.	330,185 TEUs	467,762 TEUs	543,429 TEUs

(ii). The capital cost of the proposed facility is maintained at ₹633.11 crores in all the three proposals.

(iii). Operating cost:

(**₹ in lakhs**)

Sl. No.	Particulars	Initial proposal of October 2012		Proposal of November 2012		Revised proposal of December 2012	
		Workings	₹ in lakhs	Workings	₹ in lakhs	Workings	₹ in lakhs
A.	**HANDLING ACTIVITY**						
1	**Power**	8 Kwh/ TEU x 330185TEUs x ₹6.485 / KWH	171.30	8 Kwh / TEU x 467762TEUs x ₹6.485/ KWH	242.67	8 Kwh / TEU x 543429TEUs x ₹6.485/ KWH	281.93
2	**Fuel** (according to revised fuel rates)	4 LT x 330185 x ₹ 50.39	665.52	4 LT x 467762 x ₹50.39	942.82	4 LT x 543429 x ₹50.39	1095.34
3	**Repairs and Maintenance cost**						
	a) Civil (1% of all civil assets)	₹12668.70 lakhs x 1%	126.69	₹12668.70 lakhs x 1%	126.69	₹12668.70 lakhs x 1%	126.69
	b) Mech, Electrical and IT systems	₹32857.98 lakhs x 2%	657.16	₹32857.98 lakhs x 2%	657.16	₹32857.98 lakhs x 2%	657.16
4	**Insurance** 1% of gross fixed assets	₹49990.08 lakhs x 1%	499.90	₹49990.08 lakhs x 1%	499.90	₹49990.08 lakhs x 1%	499.90
5	**Depreciation**						
	a) Civil (3.34% of all civil assets)	₹12668.70 lakhs x 3.34%	423.13	₹12668.70 lakhs x 3.34%	423.13	₹12668.70 lakhs x 3.34%	423.13
	b) Mech., Electrical & IT systems (10.34% of Mech., Ele. & IT systems)	₹32857.98 lakhs x 10.34%	3397.52	₹32857.98 lakhs x 10.34%	3397.52	₹32857.98 lakhs x 10.34%	3397.52

Sl. No.	Particulars	Initial proposal of October 2012		Proposal of November 2012		Revised proposal of December 2012	
		Workings	₹ in lakhs	Workings	₹ in lakhs	Workings	₹ in lakhs
6	**Licence Fee** (as given by Port)		251.48		283.72		169.57
7	**Other Expenses** (15% of Gross fixed assets)	₹49990.08 lakhs x 15%	7498.51	₹49990.08 lakhs x 15%	7498.51	₹49990.08 lakhs x 15%	7498.51
	Total Operation and Maintenance cost for handling activity		**13691.21**		**14072.12**		**14149.75**
B.	**BERTH HIRE ACTIVITY**						
1	Repairs and Maintenance cost (1% of all berth cost)	₹13321.40 lakhs x 1%	133.21	₹13321.40 lakhs x 1%	133.21	₹13321.40 lakhs x 1%	133.21
2	Insurance (1% of gross fixed assets)	₹13321.40 lakhs x 1%	133.21	₹13321.40 lakhs x 1%	133.21	₹13321.40 lakhs x 1%	133.21
3	Depreciation (3.34% of berth cost)	₹13321.40 lakhs x 3.34%	444.93	₹13321.40 lakhs x 3.34%	444.93	₹13321.40 lakhs x 3.34%	444.93
	Total operating cost for berth hire activity		**711.35**		**711.35**		**711.35**
C.	**TOTAL OPERATING COST (A) + (B)**		**14402.56**		**14783.47**		**14861.10**

(iv). The revenue requirement estimated by VPT is as follows:

Sl. No.	Particulars	Initial proposal of October 2012		Proposal of November 2012		Revised proposal of December 2012	
		Handling Activity	Berth Hire Activity	Handling Activity	Berth Hire Activity	Handling Activity	Berth Hire Activity
1.	Total annual operating cost	13691.21	711.35	14072.12	711.35	14149.75	711.35
2.	Return on capital employed	7998.41	2131.42	7998.41	2131.42	7998.41	2131.42
	ANNUAL REVENUE REQUIREMENT	**21689.62**	**2842.77**	**22070.53**	**2842.77**	**22148.16**	**2842.77**

(v). Apportionment of Annual Revenue Requirement

(**₹ in lakhs**)

Tariff group	% of revenue allocated	Annual revenue requirement (Rupee)		
		Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
Container handling charges	90%	19520.66	19863.48	19933.34
Ground rent charges	7%	1518.27	1544.94	1550.37
Miscellaneous charges	3%	650.69	662.11	664.44
Total	**100%**	**21689.62**	**22070.53**	**22148.15**

7.4. In view of the above changes, the upfront tariff earlier proposed by the VPT has also undergone a change. A comparative position with regard to the upfront tariff proposed by the VPT for the various services in its initial proposal of October 2012, revised proposal of November 2012 and further revised proposal of December 2012 is given below:

(i). Berth hire charges:

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

Description	Initial proposal of October 2012		Proposal of November 2012		Revised proposal of December 2012	
	Foreign vessel	Coastal vessel	Foreign vessel	Coastal vessel	Foreign vessel	Coastal vessel
For occupying the berth	1.895	1.137	1.494	0.896	1.162	0.697

(ii). Charges for handling and movement of containers:

(a). Composite rate for handling import and export containers:

(**in ₹**)

Sl. No.	Particulars	Container not exceeding 20 feet in length						Container exceeding 20 feet in length and upto 40 feet length						Container exceeding 40 feet in length and upto 45 feet length					
		Foreign-going			Coastal			Foreign-going			Coastal			Foreign-going			Coastal		
		Oct. 2012	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012
(a).	Laden Containers - Import/ Export	6000	4310	3723	3600	2586	2234	9000	6464	5584	5400	3879	3351	12000	8620	7446	7200	5172	4468
(b).	Empty Containers - Import/ Export	4199	3016	2607	2520	1810	1564	6301	4526	3911	3781	2716	2347	8398	6032	5212	5040	3620	3127
(c).	Transport to Rail Flat from CY or Vice Versa and Lift on/ Lift off																		
	- Loaded	2344	1683	1454	2344	1683	1455	3516	2525	2181	3516	2525	2181	4688	3366	2908	4688	3366	2908
	- Empty	2157	1549	1338	2157	1549	1338	3234	2323	2007	3234	2323	2006	4314	3098	2676	4314	3098	2676

(b). Handling of Transhipment Containers:

(**in ₹**)

Particulars	Container not exceeding 20 feet in length						Container exceeding 20 feet in length and upto 40 feet length						Container exceeding 40 feet in length and upto 45 feet length					
	Foreign-going			Coastal			Foreign-going			Coastal			Foreign-going			Coastal		
	Oct. 2012	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012	**Oct. 2012**	**Nov. 2012**	Dec. 2012
Laden & Empty	7088	5091	4398	4253	3055	2639	10631	7636	6596	6378	4581	3957	14176	10182	8795	8506	6110	5277

(iii). Charges for storage of containers:

(a). Import - Laden and empty containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length			Container exceeding 20 feet in length and upto 40 feet length			Container exceeding 40 feet in length and upto 45 feet length		
		Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
(i).	First 1 day	Free	Free	Free	Free	Free	Free	Free	Free	Free
(ii).	From 2 to 6 days	413	318	275	826	636	550	1239	954	825
(iii).	From 6 to 15 days	826	636	550	1652	1272	1100	2478	1908	1650
(iv).	Beyond 15 days	1652	1272	1100	3304	2544	2200	4956	3816	3300

(b). Export - Laden and empty containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length			Container exceeding 20 feet in length and upto 40 feet length			Container exceeding 40 feet in length and upto 45 feet length		
		Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
(i).	First 2 days	Free	Free	Free	Free	Free	Free	Free	Free	Free
(ii).	From 3 to 4 days	413	318	275	826	636	550	1239	954	825
(iii).	From 4 to 15 days	826	636	550	1652	1272	1100	2478	1908	1650
(iv).	Beyond 15 days	1652	1272	1100	3304	2544	2200	4956	3816	3300

(c). Transhipment Containers - Laden & Empty Containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length			Container exceeding 20 feet in length and upto 40 feet length			Container exceeding 40 feet in length and upto 45 feet length		
		Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
(i).	First 30 days	Free	Free	Free	Free	Free	Free	Free	Free	Free
(ii).	From 31 to 45 days	413	318	275	826	636	550	1239	954	825
(iii).	From 46 to 60 days	826	636	550	1652	1272	1100	2478	1908	1650
(iv).	Beyond 60 days	1652	1272	1100	3304	2544	2200	4956	3816	3300

(d). Shut out Containers - Laden & Empty Containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length			Container exceeding 20 feet in length and upto 40 feet length			Container exceeding 40 feet in length and upto 45 feet length		
		Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
(i).	First 1 to 15 days	413	318	275	826	636	550	1239	954	825
(ii).	From 16 to 30 days	826	636	550	1652	1272	1100	2478	1908	1650
(iii).	Beyond 60 days	1652	1272	1100	3304	2544	2200	4956	3816	3300

(e). Hazardous Containers:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length			Container exceeding 20 feet in length and upto 40 feet length			Container exceeding 40 feet in length and upto 45 feet length		
		Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012	Revised proposal of December 2012
(i).	First day	Free	Free	Free	Free	Free	Free	Free	Free	Free
(ii).	From 2 to 15 days	413	318	275	826	636	550	1239	954	825
(iii).	From 16 to 30 days	826	636	550	1652	1272	1100	2478	1908	1650
(iv).	Beyond 30 days	1652	1272	1100	3304	2544	2200	4956	3816	3300

(iv). (a). Charges to Miscellaneous Services:

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Foreign-going and Coastal		Foreign-going and Coastal		Foreign-going and Coastal	
		Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012
(a).	Pre Trip Inspection (PTI) (Excluding the electricity charges)	562	348	844	522	1125	696
(b).	Reefer Run Test (Excluding the electricity charges)	562	348	844	522	1125	696
(c).	Charges for supply of electricity (including connecting and disconnecting, monitoring at Reefer yard) per 4 hours or part thereof-	349	216	524	324	698	432

(b). Charges for a Shut out Container:

(**in ₹**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012
(i).	Laden	3281	2030	4922	3045	6563	4060
(ii).	Empty	2906	1798	4359	2697	5813	3596

(c). Additional charges:

(**in ₹**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012
1.	Shifting of containers within the terminal including Lift on, Transportation, Lift off -Laden -Empty	 3281 2906	 2030 1798	 4922 4359	 3045 2697	 6563 5813	 4060 3596
2.	Container Cleaning Charges (High pressure water wash)	938	580	1406	870	1875	1160

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012	Initial proposal of October 2012	Proposal of November 2012 and Revised proposal of December 2012
3.	Cancellation of Document (Per EIR)	141	87	141	87	141	87
4.	One Door Open Charge (Per container)	938	580	938	580	938	580
5.	Fixing/ Removal of Seal (per seal)	375	232	375	232	375	232
6.	Fixing/ removal 'Hazardous Sticker' (per container)	375	232	375	232	375	232
7.	Customs inspection within the terminal (per container)	750	464	750	464	750	464
8.	Plugging/ unplugging of reefer container (per container)	-	58	-	58	-	58
9.	Non declaration/ mis declaration of hazardous container (per container)	-	3480	-	3480	-	3480
10.	Issuance of documents per document or part thereof (maximum of 5 pages)	281	174	281	174	281	174
11.	VIA cancellation	1875	1160	1875	1160	1875	1160
12.	Delay in submission of the relevant documents beyond the prescribed time (Charges are per document)	-	580	-	580	-	580
13.	Non declaration/ mis declaration of OOG container (rate per container)	-	3480	-	3480	-	3480
14.	Charges for providing gangway to vessel per calendar day	-	50 per hour per gangway subject to maximum of 1000 per day per gangway. Note: this is an optional service provided at the request of the user	-	50 per hour per gangway subject to maximum of 1000 per day per gangway. Note: this is an optional service provided at the request of the user	-	50 per hour per gangway subject to maximum of 1000 per day per gangway. Note: this is an optional service provided at the request of the user

(d). Hatch cover handling for one operation (both opening and closing):

(in ₹)

Sl. No.	Description	Initial proposal of October 2012		Proposal of November 2012 and revised proposal of December 2012	
		Foreign vessel	Coastal vessel	Foreign vessel	Coastal vessel
(i).	Without landing Hatch Cover on the quay	2363	1418	1462	877
(ii).	With landing Hatch Cover on the quay	4725	2835	2923	1754

8.1. While scrutinizing the revised proposal filed by the VPT under cover of its letter dated 28 December 2012, it was noticed that though the VPT has considered the dwell time of 4 days for export containers and 2 days for import containers in the yard capacity calculation, it has considered the dwell time of 4 days for export containers and 6 days for import containers in the calculation of upfront storage charges. The VPT was, therefore, requested to clarify the position. The VPT vide its letter dated 5 January 2013 has made the following submissions with regard to dwell time:

(i). As per guidelines for upfront tariff setting for PPP projects at Major Port Trusts, 2008, the dwell time to be considered while calculating the yard capacity is 4 days for export and 2 days for import. Since the ratio of exports and imports at the Port during 2011-12 is 1:1, the weighted average of 3 days is considered as dwell time.

(ii). Keeping in view of the growth of traffic and the limitations of connectivity of rail and road, it is anticipated that the dwell time at the proposed terminal will be 6 days for import and 4 days for export.

(iii). It may not be realistic to imbibe the anticipated dwell time into the yard capacity as it may lead to encouraging inefficient operation of the terminal as it is in deviation to the norm envisaged in TAMP guidelines. This issue has been represented by the bidders during the joint hearing of TAMP held on 18.12.2012 which has not been considered and the bidders are advised to operate as per the TAMP norms for efficient utilisation of the terminal.

8.2. Since the response of VPT did not pointedly clarify the dwell time position, the VPT was again requested to clarify the position. Further, it was noticed that though the VPT has not envisaged handling of hazardous containers in the proposed facility, it has proposed the storage slab structure for hazardous containers. The VPT was, therefore, requested to clarify the position relating to the Hazardous containers also.

8.3. In this regard, the VPT vide its e-mail dated 7 January 2013 has made the following submissions:

(i). A dwell time of 4 days for export cargo and 2 days for import cargo have been considered while calculating the yard capacity as per TAMP norms.

(ii). The storage charges are revised duly adopting the same norms and as per the calculation, the storage charges work out to ₹206/- per day per TEU for a laden/ empty import/ export containers. The VPT has furnished workings in this regard.

(iii). Regarding hazardous containers it has stated that the number of hazardous containers is nil at the port so far. As such the number of hazardous containers to be handled at the proposed terminal cannot be estimated.

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

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

(i). The proposal is to fix upfront tariff for handling containers at the proposed container terminal at the Visakhapatnam Port Trust (VPT) to be developed under Public Private Partnership (PPP) mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The proposal is based on the Guidelines for upfront tariff fixation issued by the (then) Ministry of Shipping, Road Transport and Highways in February 2008.

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

(ii). The VPT has filed its proposal in October 2012. Subsequently, based on the information/ clarifications sought by us during the processing of the case, the VPT under cover of its letter dated 14 November 2012 has revised its proposal. Thereafter, based on the decisions taken at the joint hearing held on 18 December 2012, the VPT under cover of its letter dated 28 December 2012 has further revised its proposal. The revised proposal of the VPT dated 28 December 2012 along with the information/ clarifications furnished by VPT during the processing of the case are considered in this analysis.

(iii). It has to be recognized that the upfront tariff fixation need not necessarily follow the project parameters but is based on certain pre-decided standards and norms. In Jawaharlal Nehru Port Trust (JNPT), upfront tariff was set considering a standard terminal configuration for 1000 meters quay length. However, in the case of Chennai Port Trust (CHPT) Mega Container terminal the upfront tariff was fixed by considering the project specific parameter like construction of breakwater. In the proposal of VPT, the VPT has considered the construction of a 200 T capacity Mooring Dolphin. When the VPT was specifically requested to confirm whether the construction of Mooring Dolphin will be a feature for the future container handling projects also, the VPT has stated that it is not necessary to undertake construction of Mooring Dolphin in other projects, as the same would depend upon the configuration and topography of the area where the future Terminals would come up. Since the mooring dolphin is reportedly designed for the container terminal based on its configuration and topography, this analysis takes into account the parameter related thereto.

(iv). The proposal filed by the VPT generally complies with the guidelines issued for upfront tariff setting vide Notification No. TAMP/52/2007-Misc., dated 26 February 2008. Deviations from the guidelines are, inter alia, discussed in the following paragraphs.

(v). The VPT has proposed to deploy three quay cranes for quay length of 395 metres instead of the requirement of four quay cranes as per the norms prescribed in the upfront guidelines i.e. one quay crane for every 100 metres of quay length, due to restricted yard space and therefore the number of ground slots. Since the upfront tariff guidelines do not prescribe any norm nor place any restriction on the port on the area to be allotted for storage purpose, the VPT was requested to review its quay capacity and to also relook at the factors considered by it in the calculation of Yard Capacity and improve the Yard Capacity so as to minimize the gap between Yard Capacity and Quay Capacity. The VPT has stated that they do not have more land near the container terminal and that they are planning Railway shuttle and yard away from the terminal for storage of containers. Nevertheless, as agreed at the joint hearing, the VPT has envisaged allotment of additional land for storage of containers, in order to reduce the mismatch between the quay capacity and yard capacity. It is noteworthy that the upfront tariff guidelines do not prescribe any norm or standard for the allotment of land by the port for development of stack yard. At the same time, the restrictions faced by the port owing to the physical parameters of the Terminal cannot be completely ignored. The matter regarding deployment of 3 quay cranes instead of 4 quay cranes is discussed in the later part of the analysis.

(vi). Optimal Capacity of the terminal:

(a). Optimal yard capacity:

(i). Ground slots:

A total area of 141000 sq. mtrs. of land was initially proposed to be provided by the VPT for Container terminal development. After providing for area towards RTG transfer tracks, Truck parking area, Landscaping, Terminal roads, pavements and other operational areas, Buildings and amenities for employees and operations etc., the port had proposed to allot 41230 sq. mtrs of area for container storage, out of the total 141000 sq. mtrs. Thereafter, in order to minimize the gap between the optimal quay capacity and yard capacity, the VPT has decided to allot additional area to the tune of 24570 sq. mtrs. for storage of containers, thereby the storage area aggregating to 65800 sq. mtrs. of land.

(ii). For the purpose of calculation of the ground slots, the upfront tariff guidelines prescribe a norm of 720 TEUs per hectare. In the case of upfront tariff fixation for the container terminal at New Mangalore Port Trust (NMPT) vide Order dated 30 December 2009, ground slots of 360 TEUs per hectare was considered which was based on the analysis of the NMPT with reference to the area occupied by a container and additional area required for movement of container handling equipment, space between containers etc. As the logic put forth by the NMPT that 360 TEUs per hectare can be safely accommodated, the VPT has also estimated the optimal yard capacity in the instant case by taking into consideration the ground slots at 360 TEUs per hectare.

(iii). Average Stack Height:
The upfront tariff guidelines specify an average stack height of 2.5. The VPT has considered the stack height at 3.5 based on the actuals achieved by the private operator operating in the vicinity at VPT during the year 2011-12. Notably, the said stack height is higher when compared with the stack height of 3 considered while fixing upfront tariff for the PPP projects at the JNPT and CHPT.

(iv). Average dwell time:
The upfront tariff guidelines specify average dwell time of 3 days, based on 4 days for export container and 2 days for import container. This position has been considered by the VPT in the yard capacity calculation. The VCTPL has suggested increasing the dwell time by one more day to make overall dwell time as 4 days. From the details furnished by the VPT, the actual dwell time that prevailed at the private container terminal being operated at the VPT during the last three years is seen to be comparable to the average dwell time of 3 days. Further, the VPT has confirmed that the dwell time for import is realistic and feasible with proper planning. The VPT has adopted the prevailing ratio of import/ export container at 51.58 : 48.42 which is found to be comparable to the import export profile of the containers reported by the port at 51.3 : 48.7.

(v). The yard capacity based on the formula prescribed in the guidelines and the parameters considered by the VPT works out to 543429 TEUs.

(b). Optimal quay capacity:

(i). As stated earlier, the VPT has considered 3 number of quay cranes for the berth length of 395 mtrs. as compared to the 4 quay cranes as per the norms prescribed in the guidelines. The port has justified the said deviation by stating reasons like restricted yard space near the container terminal and number of ground slots. The port has, therefore, envisaged deployment of 3 number of quay cranes instead of 4 nos. so that the gap between the optimal quay capacity and the optimal yard capacity is minimal. It is notable that if the norm of 4 quay cranes prescribed in the guidelines is considered, the optimal quay capacity would be 7.97 lakh TEUs as against the optimal yard capacity assessed at 5.43 lakh TEUs per annum. Deployment of one more crane at the berth, just for the sake of matching the number to the norm prescribed in the upfront guidelines, may be superfluous exercise, when the fact would be that the additional crane may not contribute in improving the capacity of the terminal and would be only an idle investment, since the yard capacity is a constraint. Since the proposal of the port restricting the number of quay cranes to three would not unduly burden the upfront tariff with cost of idle investment, this analysis, proceeds further taking into account the deployment of 3 quay cranes at the proposed facility. In this regard, it is relevant here to mention that Clause 3.2 of the upfront tariff guidelines of February 2008 permits this Authority to make necessary adjustments in the norms based on the justification furnished by the concerned port trust, keeping in view the port specific conditions.

(ii). The VPT has considered the productivity of the quay crane at 25 moves per hour per crane as per the norms prescribed in the upfront guidelines. Since twin lift tandem cranes are envisaged at the proposed terminal, it may be that the productivity would be higher than 25 moves per hour. To a query in this regard, the VPT has sought to explain that the productivity will depend on the type of vessels handled and considering that either one big mother vessel or two small daughter vessels only can be handled at the proposed berth, the productivity norm of 25 moves per crane is found to be considered reasonable. Considering that the users have not raised objection with regard to considering 25 moves per hour per crane, the same is considered in the analysis. Even if more number of moves are considered, it will only further increase the quay capacity, whereas the yard capacity, which is the limiting factor, would remain constant.

(iii). Applying the other parameters as per the norms prescribed in the guidelines and based on the formula for calculation of the optimal quay capacity, the optimal quay capacity is calculated at 597870 TEUs per annum for the container terminal at VPT.

(c). As per Clause 3 of the guidelines of February 2008, the optimal capacity of the terminal is the lower of the optimum quay and stack yard capacities. Accordingly, the optimal capacity of the container terminal is, therefore, considered at 543429 TEUs, being the lower of the optimal quay and yard capacities, as proposed by the port.

(vii). Capital cost:
The total capital cost of the container terminal has been estimated by the port at ₹633.11 crores, of which ₹133.21 crores is estimated towards berthing activity and the balance ₹499.90 crores is estimated for container handling activity as explained below:

(a). Berthing activity:
Norms for calculation of berth hire has not been specifically incorporated in the guidelines for fixation of upfront tariff for container terminals. This Authority has already recommended to the Government to follow the same methodology as prescribed for iron ore, coal, multipurpose cargo and liquid bulk handling berths set out in the guidelines for container also. As per the guidelines for above said terminals, the capital cost under berthing activity will comprise cost of construction of berth and cost of dredging, if any, carried out alongside the berth as per the estimates furnished by the Port Trust.

The total capital cost for berth hire services is estimated at ₹133.21 crores, of which ₹121.49 crores is estimated towards construction of berth, ₹6.33 crores towards dredging and the balance ₹5.40 crores towards construction of Mooring Dolphin. The VPT has furnished the rate analysis for the items of civil cost. The rates considered by VPT are reported to be based on the VPT Schedule of Rates/ based on the market enquiry. Provisions have also been made in the estimates towards contingencies, supervision charges, preparation of preliminary estimates, preparation of detailed estimates based on the detailed structural drawings, work contract tax etc. The civil cost for the Berthing activity as estimated by the Port at ₹133.21 crores is relied upon.

(b). Container handling activity:

(i). Civil costs:
The upfront tariff guidelines require consideration of the civil cost as per the estimates given by the Port Trust. The VPT has estimated the civil costs relating to the container handling activity at ₹126.69 crores. This estimated cost pertains to Rock bund

construction and filling, pavement for Container Storage yard, terminal roads & other operational areas, Storm water Drainage system, Buildings, Security compound wall & Gates and Water supply including water tanks.

The VCTPL has voiced its concern over the technical design and construction methodology of the project. The VPT has sought to address the concern of the VCTPL explaining about the suitability of the technical design and construction methodology to the proposed project and has also stated it to be the most appropriate solution. The VPT has, however, stated that the BOT operator may be free to adopt any type of construction which would meet all the technical requirements without adversely affecting the functional requirements of adjacent berths. In this regard, by way of abundant caution, it is clarified that freedom to the Concessionaire to adopt any type of construction, should not be the ground at later point of time for review of the upfront tariff caps fixed now for the project in reference, in future.

Further, the VCTPL has stated that the rate considered for some of the civil works are undervalued. In this regard, the VPT has confirmed that the rates are based on the current Schedule of Rates of VPT with marginal increase to take care of special quality control requirements. The rates considered by VPT are reported to be based on the VPT Schedule of Rates/ based on the market enquiry/ rate analysis.

As can be seen from the estimates furnished by the port for civil works, the VPT has made provisions in the estimates towards contingencies, supervision charges, preparation of preliminary estimates, preparation of detailed estimates based on the detailed structural drawings, work contract tax etc. With regard to the point made by the VCTPL that some items have been missed out in the estimation of civil works, the VPT has stated that they are not very significant and can be met from the provision under contingencies, if there are any missing items.

The civil cost for the Container handling activity as estimated by the Port is relied upon.

(ii). Equipment cost:

(a). As stated earlier, three ship shore cranes have been considered by the VPT. The number of Rubber Tyred Gantry Cranes (RTGCs) is in line with the normative level of equipment prescribed in the guidelines but with reference to three number of quay cranes proposed to be deployed by the port.

The proposed facility does not envisage deployment of Rail Mounted Gantry Cranes (RMGCs). Instead, it has envisaged deployment of 5 nos. of reach stackers and one number of top lift truck (empty handler) in the proposed fleet of equipment. With reference to Reachstackers, the VPT has stated that 2 nos. of Reach stackers are proposed for handling boxes in the terminal at places other than main parking yard and 3 reach stackers are planned for handling full train of containers. It is notable that none of the users/ bidders have raised any pointed objection on non-inclusion of the RMGC and inclusion of reach stackers and top lift truck in the estimation of capital cost. The decision of the port to deploy reach stackers and top lift truck in lieu of RMGCs is relied upon.

Considering deployment of 3 numbers of ship shore cranes, at the rate of 6 tractor trailers for one RMQC, as prescribed in the guidelines, 18 numbers of tractor trailers will be required. The VPT has estimated 8 tractor trailers for each RMQC aggregating to 24 number of tractor trailers. This position is seen to be based on the analysis furnished by the port taking into account the handling rates of the cranes, distance of travel for one complete cycle, estimated time per cycle etc. As stated by the VPT, more trailers would be required for movement of containers to the rail yard, which is proposed to be situated away from the Terminal. In this regard, it is relevant here to recall that at the time fixation of upfront tariff for the container terminal at JNPT, deployment of 10 number of tractor trailers for each RMQC was considered based on the operating standards prevailing at the existing container terminals at JNPT. Based on the analysis given by the VPT, deployment of 8 number of tractor trailers for each RMQC is considered in the analysis.

(b). Inspite of a specific request to furnish budgetary quotations to support the base rate of each equipment considered by it in the calculation of capital costs, the VPT has not furnished the same. The VPT has just stated that the cost estimates have been prepared based on various sources studied through the websites. Further, relying on the position reported in the Feasibility Report furnished by the Port that the estimation of mechanical & electrical works are based on the prevailing market rate, this Authority is inclined to consider the cost of each type of equipment as furnished by the port.

(c). The cost towards Power supply and Illumination at ₹12.62 crores and Fire Fighting at ₹2.27 crores have been considered at lump sum, as furnished by the Port and as reflected in the Feasibility Report.

(iii). IT system cost and other cost:
The capital cost towards IT systems and other costs are estimated at 2% and 10% respectively on the sum of the civil cost and container handling equipment cost as per the norms prescribed in the guidelines.

(iv). Based on the above analysis, the aggregate capital cost relating to the Container handling activity works out to ₹499.90 crores.

(viii). The VPT has calculated the return on capital employed at 16% of the estimated capital cost, as prescribed in the guidelines.

(ix). Operating Costs:
(a). Container handling activity:
(i). The VPT has estimated the power cost at the consumption rate of 8 KWH per TEU as per the norm. The unit cost of power considered by the VPT at ₹6.485 per KWH is substantiated with workings.

(ii). Consumption of fuel is considered at 4 litres per TEU as per the consumption norm prescribed in the guidelines. The unit cost of fuel considered by VPT at ₹50.39 per litre is modified to ₹51.35 per litre to reflect the prevailing market rate.

(iii). As per the norms, the VPT has estimated the repairs and maintenance cost at 1% on the civil assets and 2% on the capital cost of mechanical & electrical equipment and IT system cost. The VCTPL has requested to increase the civil maintenance cost to 5% of the civil costs. In this regard, it is to be noted that the upfront guidelines prescribe a norm of 1% of the civil costs towards maintenance. The proposal of the VPT is in line with the stipulation contained in the upfront guidelines. Infact, the VPT has asserted that the repairs cost can be met from the said provision.

(iv). The insurance cost has been estimated at 1% of the sum total of gross fixed assets comprising of civil, equipment and IT system cost, as prescribed in the guidelines.

(v). Depreciation, as per the guidelines, requires to be calculated following the depreciation rates as per Straight Line Method (SLM) prescribed in the Companies Act, 1956. The VPT has calculated depreciation @ 3.34% on civil cost and 10.34% on container handling equipment cost as per the rates prescribed in the Companies Act under the SLM for the relevant group of assets, which is found to be as per the guidelines.

Incase of the IT systems, the VPT has considered the rate of depreciation at 10.34%. In this regard, it is relevant here to mention that for the IT systems, the Companies Act prescribes a depreciation rate of 16.21%. This rate of depreciation for IT system has been considered in the upfront tariff fixation of the container terminals at NMPT, CHPT and JNPT. Hence, the estimate of VPT is also moderated to reflect the position, as considered in other places.

The VPT has not considered depreciation on the other assets. Hence, depreciation has been calculated on other assets duly considering the rate in proportion to the component of civil and equipment cost, as has been done in the upfront tariff fixation of the container terminals at NMPT, CHPT and JNPT.

(vi). It may be recalled that this Authority vide its Order no.TAMP/63/2011-VPT dated 18 June 2012 has fixed lease rentals for the various zones of VPT lands for the quinquennium 2008-2013. The land proposed to be allotted by the VPT to the Concessionaire is stated to be in Zone - XIV. The lease rental fixed by this Authority for Zone - XIV is ₹137.78 per sq. yard per annum to be applicable from 1 April 2008. The said rate is to be escalated by 2% per annum till the rate is revised with the approval of the competent authority. The VPT has first converted the said lease rental into sq. mtr. Thereafter, it has escalated the rate by 2% per annum to arrive at the rate to be applicable during the year 2012-13 at ₹178.36 per sq. metre per annum. Accordingly, the lease rental is to be calculated for an area of 165570 sq. mtrs (141000 + 18070 + 6500).

The VPT in its initial proposal had estimated lease rentals on 141000 sq. mtrs of land at the rate of ₹178.36 per sq. mtr. In this regard, on the ground that the VPT is allotting water area which is to be reclaimed by the BOT operator at his cost, the VCTPL suggested for non levy of licence fees. The VPT has reviewed the licence fee for the water area of 141000 sq. mtrs. to be reclaimed by the BOT operator by considering 50% of the applicable licence fee, following Clause 6.2.2.3 (k) of the Land Policy Guidelines. The balance area of 24570 sq. mtrs. of land attracts licence fee at the rate of ₹178.36 per sq. mtr. The VPT has furnished workings in this regard. Thus, the licence fee as calculated by the VPT at ₹169.57 lakhs per annum is considered in the analysis.

(vii). The guideline stipulates calculation of 'other expenses' at 15% of the gross fixed assets in case of terminals having capacity less than 5 lakh TEUs and at 10% of the gross fixed assets in case of other terminals. Incase of VPT, the optimal capacity of the terminal exceeds 5 lakh TEUs. Hence, other expenses are to be estimated at 10% of the gross fixed assets. However, the VPT has considered other expenses at 15% of the gross fixed assets. The estimates of VPT are moderated, in line with the guideline position.

(viii). The total operating cost based on the above analysis works out to ₹120.96 crores as against ₹141.50 crores estimated by the VPT for container handling activity.

(b). Berthing activity:
As mentioned earlier, the norms for determination of capital & operating cost for berthing activity are not incorporated in the guidelines for fixation of upfront tariff for the services rendered at the container terminal. The matter has already been referred to the Government and the response of Government is awaited. In the meanwhile, the guidelines prescribed for other terminals for calculation of berth hire has been applied in this case also. Such an approach has been adopted while fixing upfront tariff of the container terminals at NMPT, CHPT and JNPT.

The guidelines with respect to the other terminals require the operating cost for berthing services to be estimated 1% of the berth cost. Although the guidelines restrict the operating cost at 1% of the berth cost, the asset requires adequate insurance coverage and the fact that the value of asset will depreciate due to wear and tear also cannot be denied. While fixing upfront berth hire in other upfront tariff cases mentioned above, this position was recognized and the cost of insurance and depreciation was considered to assess the Annual Revenue Requirement from berthing service.

Accordingly, the VPT has considered maintenance cost at 1%, insurance cost at 1% and depreciation at 3.34% of the capital cost of berthing activity, which are considered in this analysis.

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

(xi). (a). The total Annual Revenue Requirement for the container handling activity works out to ₹200.95 Crores which is an aggregate of 16% return on capital cost (₹79.98 Crores) and operating cost (₹120.97 Crores).

(b). The guidelines require 90% of the Annual Revenue Requirement to be apportioned to handling charges, 7% towards storage charge and 3% to miscellaneous charge. Accordingly, ₹180.85 Crores is envisaged to be realized from container handling charges, ₹14.07 Crores is envisaged to be realized from storage charges and ₹6.03 Crores is envisaged to be realized from miscellaneous charges to meet the total ARR of ₹200.95 Crores.

(c). The total Annual Revenue Requirement for the berthing activity works out to ₹28.43 Crores which is an aggregate of 16% return on capital cost (₹21.32 Crores) and Operating Cost (₹7.11 Crores).

(xii). (a). The guidelines do not prescribe any specific methodology for framing the Scale of Rates. The container handling charges include tariff items for various services. Further, the rates differ based on the type and size of containers.

(b). 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 offered by other similar functioning terminal 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 other major ports.

(c). Taking into consideration the actual container mix of the existing container terminal of the port for the year 2011-12, the VPT is seen to have arrived at the proposed upfront tariff for rendering various services for the various types of containers, so as to meet the estimated Annual Revenue Requirement of ₹199.33 crores, as estimated by the port. The container mix as considered by the VPT is relied upon. For the reasons recorded in the previous paragraphs, the annual revenue requirement envisaged by the VPT to be recovered from the container handling activity at ₹199.33 crores stands reduced at ₹180.85 crores i.e. a reduction of 9.27%. In view of this position, the composite rate proposed by the port for handling import, export and transhipment containers is reduced by 9.27%.

The VPT is seen to have proposed composite rates for handling and movement of import (loaded/ empty) containers, export (loaded/ empty) containers and transhipment (loaded/ empty) containers. As stated by the VPT, the composite rate is towards handling by quay cranes, lashing/ unlashing, transport between container yard and quayside, lift on/ lift off at container yard, landing and loading the container from or to the trailer, data handling, processing and wharfage.

(d). (i). The VPT has proposed 1 free day for import laden & empty containers, 2 free days for export laden & empty containers and 30 free days for transhipment laden & empty containers. The tariff guidelines of 2005 give the flexibility to individual major ports to propose the number of free storage days. The free period proposed by VPT is considered for fixing the upfront tariff schedule of the container terminal.

(ii). It may be recalled that in the yard capacity calculation, the VPT has envisaged an average dwell time of 2 days for import containers and 4 days for the export containers. Incase of import containers, after allowing for a free period of 1 day, the VPT has envisaged realization of storage charges on the balance 1 day from all the import containers envisaged to be handled at the facility. Similarly, incase of Export containers, after allowing for a free period of 2 days, the VPT has envisaged realization of storage charges on the balance 2 days from all the export containers handled at the facility.

Taking into account the dwell time and the free days as proposed by the port, the unit storage charge of ₹206/- per 20' container per day for the first slab as proposed by the port is reduced by 9.27% so as to meet the modified level of revenue requirement from levy of storage charges. The proposal of the port to levy twice the rate of first slab incase of the 2^{nd} slab and levy of four times the rate of first slab incase of the 3^{rd} slab is also approved.

(e). Miscellaneous charges are proposed to be recovered by providing services for reefer monitoring and connection, any additional services in the container yard for customs inspection, hatch cover opening and replacing, storage of uncleared goods, etc. With reference to the query raised by the VCTPL that the proposed Scale of Rates does not provide for charges for Restow activity, VPT has clarified that the Restow activity is not a regular activity and it is minimal and less than 1%. The VPT has confirmed that it can be met from the Miscellaneous charges. Inspite of a specific request, the VPT has not furnished workings to show whether the rates proposed by it for the various miscellaneous services will meet the estimated revenue requirement through levy of miscellaneous charges. Keeping in view the position that miscellaneous services constitute 3% of the total revenue requirement as per the norms prescribed and that they are not substantive services, tariff proposed by the VPT for all miscellaneous items are reduced by 9.27% which is required to meet the modified level of revenue requirement from levy of miscellaneous charges.

(xiii). Some of the container related tariff items and berth hire for foreign going vessels are prescribed in dollar terms in a few existing terminals. It has already been decided in other upfront tariff cases that prescribing dollar denominated upfront tariff would not be appropriate which will have a validity of 30 years. Firstly, applying a WPI based escalation on a foreign currency is not correct. Secondly, the foreign exchange variation over the next 30 years cannot be predicted. In case of any abnormal variations, either the users or the operator will have to bear the incidence, depending on which side the appreciation takes place. This Authority has, therefore, prescribed the upfront berth hire which is normally prescribed in dollar terms in rupee denomination. Flowing from this decision, the dollar denominated container related tariff and berth hire in this case also are prescribed in rupee terms, as proposed by the port.

(xiv). As stated earlier, the total Annual Revenue Requirement for the berthing activity works out to ₹28.43 Crores. For the purpose of deriving the unit rate of berth hire from the calculated annual revenue requirement from this activity, the VPT has assumed six groups depending on the LOA and average GRT of vessel. For each group the VPT has assumed average parcel size of vessel, and the share of container to be carried by ships falling under each category. The assumptions made by the VPT about the various categories of vessel, their parcel size, etc., are assumed to have been done by the port after detailed study and hence are relied upon for arriving at the unit rate of berth hire. In view of modified revenue requirement of ₹28.43 crores, the unit rate of berth hire will be ₹1.282 per GRT per hour in case of foreign going vessel and ₹0.769 per GRT per hour in case of coastal vessel. Calculation of berth hire charge is attached as **Annex - II**.

(xv). In the proposed upfront schedule, the VPT has proposed definitions for common terms like coastal vessel, foreign going vessel, FCL, LCL, Hazardous containers, Import containers, export containers, normal containers, Reefer containers, Transhipment containers, Over dimensional containers, Shut out container, Back to town container, port area. The definitions are found to be in line with the definitions prescribed for the respective terms in the other existing container terminals or upfront tariff cases.

With regard to the hazardous containers and over dimensional containers, it is relevant here to mention that the container mix proposed by the VPT so as to meet the annual revenue requirement from the container handling charges does not envisage handling of hazardous containers as well as over dimensional containers. With regard to the Hazardous containers, the VPT has stated that since the port has not handled hazardous containers so far, it is not in a position to estimate the number of hazardous containers. When the handling of hazardous containers and over dimensional containers itself is not envisaged at the proposed facility, it is not found relevant to prescribe definition of hazardous containers and over dimensional containers in the proposed Scale of Rates. Also, storage slab structure for storage of hazardous containers and charges for fixing/ removal of 'hazardous container', non/ mis declaration of hazardous containers are not prescribed. Further, the conditionalities like prescribing twice the levy of normal containers incase of handling over dimensional containers, prescribing storage charges for over dimensional container to be based on actual ground slots and non/ mis declaration of OOG containers is also not prescribed in the Scale of Rates.

(xvi). Some of the common conditionalities stipulated in the guidelines of 2005 and uniformly prescribed in the Scale of Rates of other major ports / private terminals such as conditionalities prescribing criteria for categorizing of a vessel as a foreign going vessel or coastal vessel, conditionalities governing levy of concessional charges for coastal vessels, conditionalities governing levy of interest on delayed payments/ refunds, users not requiring to pay charges for delays beyond reasonable level, stoppage of berth hire after the vessel signaling readiness to sail, non-accrual of storage charge for the period when the operator could not deliver, non-levy of berth hire charges for the period, when a vessel idles at berth due to the reasons attributable to the operator, conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates are found to be in line with the general conditionalities prescribed in the Scale of Rates of the port, are included in the upfront tariff schedule, as proposed by the port.

(xvii). The VPT has proposed levy of penal berth hire in addition to berth hire for stay beyond 2 hours in order to discourage ships from overstayal at the berth. Since the penal berth hire proposed would only act as a deterrent against over stayal of vessel, this Authority is inclined to approve this item. It is noteworthy that upfront penal berth hire charges have been approved in the upfront cases relating to NMPT and JNPT container terminals.

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

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

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

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

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

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

12. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the tariff caps for handling containers at the container terminal at VPT as attached in **Annex - III**.

(Rani Jadhav)
Chairperson

Annex - I

CALCULATION OF UPFRONT TARIFF FOR CONTAINER TERMINAL AT VISAKHAPATNAM PORT TRUST.

₹ in lakhs

Sr. No.	Particulars	Estimates by VPT in its original proposal dated 11 October 2012	Estimates by VPT in its revised proposal dated 14 November 2012	Estimates by VPT in its revised proposal dated 28 December 2012	Estimates modified by TAMP
I	**Optimal Capacity**				
(i).	**Optimal Quay Capacity**				
	A=Number of gantry cranes deployed	3	3	3	3
	B=Number of working hours of gantry cranes in an year.	8760	8760	8760	8760
	C=Average number of moves per gantry crane.	25	25	25	25
	D=TEU ratio	1.30	1.30	1.30	1.30
	E=70%	0.70	0.70	0.70	0.70
	Optimal quay capacity=A*B*C*D*E TEUs	**597870**	**597870**	**597870**	**597870**
(ii).	**Optimal yard capacity**				
	G=Total ground slot in TEUs	1440	2040	2370	2370
	H=Average stack height	3.5	3.5	3.5	3.5
	P=Period or number of days	365	365	365	365
	S=surge factor	1.3	1.3	1.3	1.3
	D=Average dwell time	3	3	3	3
	Optimal yard capacity=0.7*G*H*P/S*D in TEUs	**330185**	**467762**	**543429**	**543429**
(iii).	**Optimal capacity of the terminal** (in TEUs) (lower value of the optimal quay and optimal yard capacity)	**3930770**	**467762**	**543429**	**543429**
II	**Capital Cost**				
(i).	**Container Handling activity**				
	(a). Civil Cost				
	Rock bund construction and filling	9238.08	9238.08	9238.08	9238.08
	Pavement for Container Storage yards, terminal roads and other operational areas	2542.00	2542.00	2542.00	2542.00
	Storm water Drainage system	164.75	164.75	164.75	164.75
	Buildings, Security compound wall and Gates	689.88	689.88	689.88	689.88
	Water supply including water tanks	33.99	33.99	33.99	33.99
	Subtotal (a)	**12668.70**	**12668.70**	**12668.70**	**12668.70**
	(b). Container Handling Equipment				
	Ship to Shore Cranes (3 Nos.)	16994.38	16994.38	16994.38	16994.38
	Rubber Tyred Gantry Cranes (9 Nos.)	10196.63	10196.63	10196.63	10196.63
	Tractor- Trailers (24 Nos.)	1359.55	1359.55	1359.55	1359.55
	Reach Stackers (5 Nos.)	1699.44	1699.44	1699.44	1699.44
	Top Lift Truck (1 No.)	226.59	226.59	226.59	226.59
	Power Supply and Illumination	1262.12	1262.12	1262.12	1262.12
	Fire Fighting System	226.59	226.59	226.59	226.59
	Subtotal (b)	**31965.30**	**31965.30**	**31965.30**	**31965.30**
	Subtotal (a+b)	**44634.00**	**44634.00**	**44634.00**	**44634.00**
	(c). IT system cost (2% of the civil & equipment cost)	**892.68**	**892.68**	**892.68**	**892.68**
	(d). Other cost (10% of the civil & equipment cost)	**4463.40**	**4463.40**	**4463.40**	**4463.40**
	(e). Total capital cost for container handling activity (a+b+c+d)	**49990.08**	**49990.08**	**49990.08**	**49990.08**
(ii).	**Berthing Activity**				
	Civil cost				
	Construction of berth (395m x 34m)	12148.85	12148.85	12148.85	12148.85
	Construction of a 200 T capacity Mooring dolphin	539.59	539.59	539.59	539.59
	Dredging cost	632.96	632.96	632.96	632.96
	Total Cost for Berthing Activity	**13321.40**	**13321.40**	**13321.40**	**13321.40**
	Total Capital cost of the Project (i) + (ii)	**63311.48**	**63311.48**	**63311.48**	**63311.48**

Sr. No.	Particulars	Estimates by VPT in its original proposal dated 11 October 2012	Estimates by VPT in its revised proposal dated 14 November 2012	Estimates by VPT in its revised proposal dated 28 December 2012	Estimates modified by TAMP
III	**Operating Cost Estimation**				
	(a). Power Cost (8Kwh x 543429 TEUs x Rs.6.485 per Kwh)	171.30	242.67	281.93	281.93
	(b). Fuel (VPT - 4 litres per TEU x 543429 TEUs x Rs.50.39 per litre) (TAMP - 4 litres per TEU x 543429 TEUs x Rs.51.35 per litre)	665.24	942.82	1095.34	1116.20
	(c). Repair & Maintenance				
	- Civil Assets (1% on the civil costs)	126.69	126.69	126.69	126.69
	- Mechanical and electrical equipment (2% on the Equipment costs & IT cost)	657.16	657.16	657.16	657.16
	(d). Insurance (1% on the gross fixed assets)	499.90	499.90	499.90	499.90
	(e). Depreciation				
	- Civil Assets (3.34% on the civil assets)	423.13	423.13	423.13	423.13
	- Mechanical and electrical equipment (10.34% on the equipment cost)	3397.52	3397.52	3397.52	3305.21
	- IT System (16.21% of the System cost)	0.00	0.00	0.00	144.70
	- Other assets (Rates proportionate to civil & equipment cost component)	0.00	0.00	0.00	372.83
	(f). Licence Fee	251.48	283.72	169.57	169.57
	(g). Other Expenses (VPT - 15% of Gross Fixed Assets) (TAMP - 10% of Gross Fixed Assets)	7498.51	7498.51	7498.51	4999.01
	Total operating cost (a to g)	**13691.21**	**14072.12**	**14149.75**	**12096.34**
IV	**Annual Revenue Requirement ARR**				
(i).	**Container Handling Services**				
	(a). Total operating cost	13691.21	14072.12	14149.75	12096.34
	(b). Return on Capital Employed @ 16%	7998.41	7998.41	7998.41	7998.41
	(c). Total Revenue requirment	**21689.62**	**22070.53**	**22148.16**	**20094.76**
	Apportionment of Revenue Requirement				
	(a). Container Handling Charges (90%)	19520.66	19863.48	19933.35	18085.28
	(b). Storage Charges (7%)	1518.27	1544.94	1550.37	1406.63
	(c). Miscelleneous Charges (3%)	650.69	662.12	664.44	602.84
	(d). Total Revenue requirement	**21689.62**	**22070.53**	**22148.16**	**20094.76**
(ii).	**Berth hire**				
	(a). Operating cost				
	(i). Maintenance Cost (1% of cost of berthing activity)	133.21	133.21	133.21	133.21
	(ii). Insurance cost (1% of cost of berthing activity)	133.21	133.21	133.21	133.21
	(iii). Depreciation (3.34% of cost of berthing activity)	444.93	444.93	444.93	444.93
	Total Operating Cost for berth hire service	**711.36**	**711.36**	**711.36**	**711.36**
	(b). Revenue requirement from berthing service				
	(i). Operating cost	711.36	711.36	711.36	711.36
	(ii). ROCE at 16%	2131.42	2131.42	2131.42	2131.42
	Total Revenue requirement	**2842.78**	**2842.78**	**2842.78**	**2842.79**

Annex - II

CALCULATION OF BERTH HIRE CHARGES

LOA (1)	**Parcel size (TEUs) (2)**	**No. of ships (3)**	**AV. GRT (Existing) (4)**	**No. of cranes (5)**	**Berth hrs. per vessels (6)**	**GRT Hours (As per VPT)**	**GRT Hours (As per TAMP)**
(As given by VPT)	(As given by VPT)	(As given by VPT)	(As given by VPT)	(As given by VPT)	(2 / (5 x 25 moves))		(3 x 4 x 6)
0-140	460	118	6,815	2	9.20	7406937	7398364
140-180	510	160	14,139	3	6.80	15367085	15383232
180-220	650	167	24,678	3	8.67	35761976	35717292
220-260	960	113	38,662	3	12.80	56026805	55920716.8
260-300	1,700	96	49,317	3	22.67	107201152	107313792
300+	3,500	8	60,000	3	46.67	21737160	22400000
						243501115	**244133397**

Ratio of Foreign : coastal = 77 : 23

<u>As per VPT:</u>
Applying the ratio to the proposed throughput :
Foreign = 187495859
Coastal = 56005256

Revenue requirement: Rs. 2842.78 lakhs

Berth hire per GRT

187495859× X + 56005256× 0.6 X = Rs. 2842.78 lakhs

Therefore X = 1.162

Berth hire per GRT (in Rs.)
Foreign = 1.162
Coastal = 0.697

<u>As per TAMP:</u>
Applying the ratio to the proposed throughput :
Foreign = 187982716
Coastal = 56150681

Revenue requirement: Rs. 2842.79 lakhs

Berth hire per GRT

187982716× X + 56150681× 0.6 X = Rs. 2842.79 lakhs

Therefore X = 1.282

Berth hire per GRT (in Rs.)
Foreign = 1.282
Coastal = 0.769

Annex - III

VISAKHAPATNAM PORT TRUST

UPFRONT TARIFF SCHEDULE FOR CONTAINER TERMINAL

CHAPTER 1 – DEFINITIONS & GENERAL TERMS & CONDITIONS

1.1. DEFINITIONS – GENERAL

(i). **"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 licence issued by the competent authority**.**

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

(iii). **"FCL"** means Containers said to contain Full Container Load.

(iv). **"LCL"** means Containers said to contain Less than full Container Load (Container having cargo of more than one importer/exporter).

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

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

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

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

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

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

(xi). **"Shut out Container"** shall mean a container which enters into the port as an export intake for a particular vessel (as indicated by the Vessel Identification Advice Number, i.e. VIA No.) and is not connected to the particular vessel for reasons whatsoever, then the container is termed to be a shutout container.

(xii). **"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.

(xiii). "**VIAN**" means Vessel Identification Advise Number**.**

1.2. GENERAL TERMS & CONDITIONS

(i). (a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order.

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

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

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

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

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

(iii). Vessel related charges shall be levied on Shipowners /Steamer Agents.

(iv). (a). The Vessel related charges for all Coastal vessels should not exceed 60% of the corresponding charges for other vessels.

(b). The container related charges for all Coastal should not exceed 60% of the normal 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). For the purpose of this concession, container 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 / vessels shall be denominated and collected in Indian Rupee.

(v). Interest on delayed payments / refunds:

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

(b). The rate of penal interest will be 2% above the Prime Lending Rate of State Bank of India (SBI). The penal interest rate will apply to both the operator and the port users equally.

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

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

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

(vii). (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 it so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels. Provided that 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 changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

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

CHAPTER 2 - VESSEL RELATED CHARGES

2. Schedule of Berth Hire Charges

Sl. No.	**Description**	**Rate per GRT per hour or part thereof (₹)**	
		Foreign - Vessel	**Coastal Vessel**
1	For Occupying the Berth	1.282	0.769

Notes:

(1). Vessels shall be permitted to occupy the berth for 2 hours after completion of cargo operation without attracting Penal berth hire charges.

(2). All the vessels shall commence cargo operations within 1 hour from the time the ship is brought along side the berth failing which penal berth hire charges shall be levied as prescribed in (4) below.

(3). Vessels idling the Terminal facilities due to not being ready to work even though the terminal is ready for its operation shall attract penal berth hire charges as prescribed in Note (4) below. For the purpose of levy of penal berth hire charges, idling shall mean suspension/stoppage for any reason of cargo handling operation continuously for more than two hours.

(4). Penal berth hire charges shall be levied as follows in addition to berth hire charges beyond 2 hours:

Sl. No.	**Description**	**Rate Per GRT**
1	Upto 6 hrs.	₹ 10
2	Above 6 hours but upto 12 hours	₹ 15
3	Above 12 hrs.	₹ 30

(5). Penal berth hire charges mentioned above shall not be leviable if the idling of vessel is attributable to the terminal or port or due to adverse tidal conditions or bad weather and rain resulting in stoppage of operation.

(6). (a). There shall be a time limit beyond which berth hire shall not apply; berth hire shall stop 4 hours after the time of vessel signalling its readiness to sail. The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting period for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

(b). There shall be a "penal berth hire" equal to one day's berth hire charges for a false signal.

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

(d). The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting period for want of favourable tidal conditions.

(7). Berth hire charges shall not be levied for the period, when a vessel idles at berth due to breakdown of port equipment or power failure or any other reasons attributable to the operator.

CHAPTER 3 – CHARGES FOR SERVICES RENDERED TO CONTAINERS AND CONTAINERIZED CARGO

GENERAL TERMS AND CONDITIONS:

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

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

(iii). All charges for containers more than 20' in length and upto 40' in length will be 150 per cent of the applicable charges prescribed.

3.1. 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. COMPOSITE RATE FOR HANDLING IMPORT AND EXPORT CONTAINERS:

(**in ₹**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Foreign-going	Coastal	Foreign-going	Coastal	Foreign-going	Coastal
(a).	Laden Containers - Import / Export	3377.88	2026.91	5066.36	3040.36	6755.76	4053.82
(b).	Empty Containers - Import / Export	2365.33	1419.02	3548.45	2129.43	4728.85	2837.13
(c).	Transport to Rail Flat from CY or Vice Versa and Lift on/Lift off						
	- Loaded	1319.21	1320.12	1978.82	1978.82	2638.43	2638.43
	- Empty	1213.97	1213.97	1820.95	1820.04	2427.93	2427.93

Notes:

(1). Services in the case of item no. (a) and (b) above include handling by quay crane and lashing/unlashing, transport between CY and quayside, lift on or off at CY, landing and loading the container from or to the trailer, data handling, processing and wharfage.

(2). Services in the case of item no. (c) above includes transportation from CY to rail siding and loading the container on rail flat or vice versa.

B. HANDLING OF TRANSHIPMENT CONTAINERS:

(**in ₹**)

Particulars	**Container not exceeding 20 feet in length**		**Container exceeding 20 feet in length and upto 40 feet length**		**Container exceeding 40 feet in length and upto 45 feet length**	
	Foreign-going	**Coastal**	**Foreign-going**	**Coastal**	**Foreign-going**	**Coastal**
Laden & Empty	3990.31	2394.36	5984.55	3590.19	7979.70	4787.82

Notes:

(1). The above charges apply to the complete cycle of transhipment i.e. discharge from the first carrier to the loading onto the second carrier, including lashing/unlashing charges. Services include handling by quay crane (discharge and loading), transport between CY and quayside, lift on and off, stowage planning on vessel and yard, data handling, processing and wharfage.

(2). A container from foreign port handling at TERMINAL for subsequent transhipment to an Indian Port on a coastal voyage or vice versa would be charged 50% of the transhipment charge prescribed for foreign-going vessel and 50% of that prescribed for the coastal category.

(3). Any transhipment container delivered out of TERMINAL by road or rail shall be charged the import/ export container rate.

(4). A shut out charge as per Schedule shall apply:

(i). if the carrier is changed after berthing of the originally nominated carrier; or

(ii). if the nomination is changed from a later carrier to an earlier carrier after the earlier carrier is berthed.

(5). The vessel on which the transhipment container is to be loaded shall be declared at time of submission of the Import advance list of the vessel on which the said transhipment container is imported or else the transhipment container shall be treated as normal container for the purpose of fixing tariff.

3.2 CHARGES FOR STORAGE OF CONTAINERS

(a). Import - Laden and empty containers

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	**Particulars**	**Container not exceeding 20 feet in length**	**Container exceeding 20 feet in length and upto 40 feet length**	**Container exceeding 40 feet in length and upto 45 feet length**
(i).	First 1 day	Free	Free	Free
(ii).	On 2nd day	186.90	373.80	560.70
(iii).	from 3 to 15 days	373.80	747.60	1121.40
(iv).	Beyond 15 days	747.60	1495.20	2242.80

(b). **Export - Laden and empty containers**

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
(i).	First 2 days	Free	Free	Free
(ii).	from 3 to 4 days	186.90	373.80	560.70
(iii).	from 4 to 15 days	373.80	747.60	1121.40
(iv).	Beyond 15 days	747.60	1495.20	2242.80

(c). **Transhipment Containers - Laden & Empty Containers**

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
(i).	First 30 days	Free	Free	Free
(ii).	from 31 to 45 days	186.90	373.80	560.70
(iii).	from 46 to 60 days	373.80	747.60	1121.40
(iv).	Beyond 60 days	747.60	1495.20	2242.80

(d). **Shut out Containers - Laden & Empty Containers**

(**Rate in ₹ per container per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
(i).	From 1 to 15 Days	186.90	373.80	560.70
(ii).	From 16 to 30 days	373.80	747.60	1121.40
(iii).	Beyond 30 days	747.60	1495.20	2242.80

Notes:

(1). 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.

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

(3). Transhipment containers whose status is subsequently changed to local FCL/LCL or ICD container shall be levied storage charges at par with the relevant import containers.

(4). Total storage period for shut out container shall be calculated from the day following the day when the container has become shut out till the day of shipment / delivery.

(5). Storage charge on container shall not accrue for the period when the terminal operator is not in a position to deliver/ shift the container when required by the user due to reasons attributable to the operator.

3.3. A. Charges to miscellaneous services

(**Rate in ₹ per container/per day or part thereof**)

Sl. No.	Particulars	Container not exceeding 20 feet in length		Container exceeding 20 feet in length and upto 40 feet length		Container exceeding 40 feet in length and upto 45 feet length	
		Foreign-going	Coastal	Foreign-going	Coastal	Foreign-going	Coastal
(a).	Pre Trip Inspection (PTI) (Excluding the electricity charges)	315.74	315.74	473.61	473.61	631.48	631.48
(b).	Reefer Run Test (Excluding the electricity charges)	315.74	315.74	473.61	473.61	631.48	631.48
(c).	Charges for supply of electricity (including connecting and disconnecting, monitoring at Reefer yard) per 4 hours or part thereof-	195.98	195.98	293.97	293.97	391.92	391.95

Notes:

(1). Services include only plugging/ unplugging and monitoring of the temperature. No maintenance will be performed on malfunctioning reefers.

(2). PTI and Run Test of the reefer containers are optional services and shall be rendered when requested. This excludes charges for supply of power and monitoring of the reefer during the PTI / Run test. The PTI/ Run test includes checking of the working condition of reefer machinery and reporting of the condition to the customer.

(3). These charges will be applicable for restow reefer containers also.

B. CHARGES FOR A SHUT OUT CONTAINER

Where an Export container or a Transhipment container is shut out, the following rates shall apply:

(**in ₹**)

Sl. No.	Particulars	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
(a).	Laden	1841.82	2762.73	3683.64
(b).	Empty	1631.33	2446.99	3262.65

Notes:

(i). Shut out charges apply when a container is shut out by one vessel and subsequently shipped by another vessel.

(ii). The storage charges shall be levied in terms of Schedule 3.2.

C. Additional Charges

(in ₹)

Sl. No.	Particulars	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
1	Shifting of containers within the terminal including Lift on, Transportation , Lift off			
	- Laden	1841.82	2762.73	3683.64
	- Empty	1631.33	2446.99	3262.65
2	Container Cleaning Charges (High pressure water wash)	526.23	789.31	1052.47
3	Cancellation of Document - (Per EIR)	78.94		
4	One Door Open Charge (Per container)	526.23		
5	Fixing / Removal of Seal (per seal)	210.49		
6	Customs inspection within the terminal (per container)	420.99		
7	Plugging/unplugging of reefer container (per container)	52.62		
8	Issuance of documents per document or part thereof (maximum of 5 pages)	157.87		
9	VIA cancellation	1052.47		
10	Delay in submission of the relevant documents beyond the prescribed time (Charges are per document)	526.23		
11	Charges for providing gangway to vessel per calendar day	45.37 per hour per gangway subject to maximum of 1000 per day per gangway. Note: This is an optional service provided at the request of the user.		

D. HATCH COVER HANDLING FOR ONE OPERATION (both opening and closing):

(in ₹)

Sl. No.	Particulars	Foreign-going	Coastal
(a).	Without landing Hatch Cover on the quay	1326.47	795.70
(b).	With landing Hatch Cover on the quay	2652.04	1591.40

Note:

(1). Half the rate shall be applicable if there is only one activity, i.e. either an opening or closing operation.

(2). '**Shifting of container'** charges shall be applicable whenever there is a change in shipment status or container status involving actual shifting of the container or any shifting done at customer's request for any purpose including shifting for availing any other service provided by terminal. Shifting is a consolidated charge levied for lift on, transportation and lift off. **Change of shipment status** applies when:

(i). A transhipment container in TERMINAL premises is changed to an import container;
(ii). An import container in TERMINAL premise is re-exported;
(iii). An export container is delivered out of TERMINAL premise;
(iv). A local delivery container is changed to an ICD Container after landing or vice-versa.
(v). A transhipment container whose outbound VIAN is not declared prior to berthing of the inbound carrier;
(vi). An Export container arriving by Rail whose outbound VIAN is not declared at least 6 hrs prior to the arrival of the Train at Rail Siding in the terminal.

Change of container status applies each time the detail of an import or export container whose POD, Size, Status or weight (varying by +/- 2 ton) is changed after processing by TERMINAL.

(3). **Container Cleaning Charges:** These services are optional and the relevant charge is applicable when the containers are cleaned with water.

(4). **Cancellation charge for EIR** applies when EIR is cancelled at the request of customer.

(5). **"One Door Open" Charge** is applicable for handling container which requires only one door to be kept open (e.g. Onions) and when door opening and securing is carried by the terminal.

(6). **Fixing / Removal of seal**
Bottle seals shall be fixed on every container arriving at the terminal - by rail / road / sea - without a proper bottle seal on it, prior to allowing its entry. The terminal staff shall be at liberty to do this without having to obtain prior consent of the shipping lines. The list of such containers on which a seal is affixed by the terminal shall be intimated to the lines.

(7). **Customs Inspection**
The inspection of a container shall be allowed at a nominated point only, on the written request of the customer. The container doors can be opened only under customs supervision.

4. GENERAL NOTE TO SECTION- 2 & SECTION- 3 ABOVE:
The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2012 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

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

F. No.TAMP/61/2012 - VPT - **Proposal from Visakhapatnam Port Trust for fixation of upfront tariff for handling container cargo at the proposed extension of container terminal in the outer harbour of Visakhapatnam Port on DBFOT basis.**

A summary of comments received from Visakha Container Terminal Pvt. Ltd. (VCTPL) and reply of Visakhapatnam (VPT) thereon is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of VCTPL</th><th>Reply furnished by VPT</th></tr>
<tr><td>1.</td><td>Visakha Container Terminal Pvt. Ltd.</td><td></td></tr>
<tr><td>(i).</td><td><u>Capacity assessment for proposed extension</u>:</td><td></td></tr>
<tr><td></td><td>The proposed facility is estimated to have a capacity of 330,185 TEUs under various assumptions. The concerns are on the following variables.

Dwell Time – There are not enough container freight stations for road based containers and there are serious rake availability issues & rake evacuation capacity constraints both within the port as well as outside for rail containers. Also the share of T/P containers from Haldia/ Kolkata is increasing over the last two years. This may lead to congestion in the container yard of the port. The overall dwell time of two days for imports is not enough. Even the most efficient BOT operator cannot provide a dwell time of two days. Further, lower volumes will lead to fewer ship calls & thus increased dwell times. We suggest increasing the dwell time by one more day to make overall dwell time as 4 days. The actual dwell time that prevailed at the private container terminal being operated at the VPT during the last three years is as under:

<table>
<tr><th>Year</th><th>Imports (days)</th><th>Exports (days)</th></tr>
<tr><td>2009-10</td><td>2.8</td><td>2.9</td></tr>
<tr><td>2010-11</td><td>3.3</td><td>3.2</td></tr>
<tr><td>2011-12</td><td>4.1</td><td>3.8</td></tr>
</table></td><td>The dwell time considered is realistic and feasible with proper planning. The operator is required to adhere to these standards for efficient operation of the terminal</td></tr>
<tr><td>(ii).</td><td><u>Project cost assessment</u>:</td><td></td></tr>
<tr><td></td><td>(a). Detailed Design Basis –The detailed design basis & construction methodology for estimation of Project Cost may be shared. It is casually mentioned that tranquility is observed to be better in piled construction vis-à-vis sheet pile for berths. Ideally such decisions are arrived at after conducting detailed mathematical modeling & physical modeling studies.</td><td>Various parameters considered for the planning and conceptual design of the berth have been detailed in the feasibility report. The type of construction proposed for the berth is based on the oceanographic and other site conditions, detailed model studies conducted in the past in respect of the existing berth structures and its performance. It had been concluded earlier, based on studies that vertical wall type construction would lead to wave reflection and it would cause disturbance to the vessel at berth. The selected structure should have suitable wave dampening system for ensuring tranquil conditions in front of berth. As such the proposed system is the most appropriate solution. However, the BOT operator may be free to adopt any</td></tr>
</table>

<table>
<tr><td></td><td></td><td>suitable type of construction which would meet all the technical requirements without adversely affecting the functional requirements of adjacent berths.</td></tr>
<tr><td></td><td>(b). Undervalued items – Even at current rates, the following seems to be undervalued:</td><td></td></tr>
<tr><td></td><td>(i). Rock Bund Construction & Filling – The bathymetry is very deep & filling costs are undervalued. The basis of taking filling costs may be furnished. The costs are different when filling is done through dredged volumes or through dumpers from land side.</td><td>The filling quantities were estimated as per existing bathymetry and cost has been provided in the estimate accordingly. Filling by both methods (dredging / landside source) were considered in the preparation of estimate. Incidentally it was seen that the cost of filling by both methods are the same viz. Rs. 300/m^3. The PPP operator cannot opt in selecting the filling method.</td></tr>
<tr><td></td><td>(ii). Berth Construction – Depending on pile depths & nature of construction, the costs seem to be underestimated.</td><td>Quantities of various work components involved in the piling activities were worked out and provided for estimating the cost of individual piles. The rates are based on the current Schedule of Rates of VPT with marginal increase to take care of special quality control requirements etc.</td></tr>
<tr><td></td><td>(iii). Rates – VPT may furnish the details of the year whose rates are considered. We suggest that the project cost be arrived at FY 2013-14 rates when the Concession Agreement is likely to be awarded.</td><td>The estimate is based on prevailing rates and as per procedure in vogue.</td></tr>
<tr><td></td><td>(c). Missing Items – There are a host of missing items in the Project Cost like Preliminary & Pre-Operative expenses (soft costs), Mobilization and demobilization costs, Detailed Design and project management, Ground Improvement, Interest during Construction (based on current interest rates of around 12.5% to 13%), Workshops, etc.</td><td>Significant expenditure is not expected towards soft costs and if any expenditure is to be incurred it can be met from the provision under contingencies.

Rates provided for various items are all inclusive cost covering the mobilisation and demobilisation charges. Hence no separate provision was made in the estimate towards mobilisation and demobilisation charges.

Detailed design and project management cost have been included in the estimate at 7% of the estimated cost.

Filling is proposed to be done with good quality material. Filling above water level shall be compacted to optimum density. As such no ground improvement is found necessary.

Interest during construction is provided in the projects cost as per norms.

Provision has been made in the estimate towards workshop building.</td></tr>
<tr><td></td><td>(d). Equipment Price – Please consider ₹60.6 crores/ QC and ₹12.8 crores/ RTG instead of 56.6 crores/ QC and ₹11.3 crores per RTG in your application. Our working of equipment prices are given below:
<table>
<tr><th></th><th></th><th></th><th>QC</th><th>RTG</th></tr>
<tr><td></td><td>Invoice Price (USD)</td><td></td><td>8,500,000</td><td>1,800,000</td></tr>
<tr><td></td><td>Exchange Rate</td><td></td><td>54.0</td><td>54.0</td></tr>
<tr><td></td><td>Invoice Price (INR)</td><td></td><td>459,000,000</td><td>97,200,000</td></tr>
<tr><td>A</td><td>Assessable Value (101% of CIF)</td><td>101%</td><td>463,590,000</td><td>98,172,000</td></tr>
<tr><td>B</td><td>Basic Customs Duty on (A)</td><td>8%</td><td>34,769,250</td><td>7,362,900</td></tr>
<tr><td>C</td><td>CVD on (A+B)(*)</td><td>14%</td><td>69,770,295</td><td>14,774,886</td></tr>
<tr><td>D</td><td>Edu. Cess on (C) (*)</td><td>2%</td><td>1,395,406</td><td>295,498</td></tr>
</table></td><td>Adopted as per the feasibility report prepared by IPA.</td></tr>
</table>

E	Secondary Education Cess on (C)(*)	1%	697,703	147,749
F	Education Cess on (B+C+D+E) (*)	2%	2,132,653	451,621
G	Secondary Education Cess (B+C+D+E)	1%	1,066,327	225,810
H	Special Additional Duty (SAD) on (A+B+C)	4%	22,936,865	4,857,219
	Total (B+C+D+E+F+G+H)		132,768,499	28,115,682
	Total Price of Equipment		**591,768,499**	**125,315,682**
	RTO and Insurance	2.5%	14,794,212	3,132,892
			606,562,711	128,448,574

(iii).	Operating & Maintenance Cost Estimates:	
	(a). Civil Maintenance – We have observed berths/ yard sinking in VPT. There are considerable major maintenance due to soil instability & varied profiles. We request to increase the Civil Maintenance at 5% of Civil Costs.	Piles founded on hard rock are proposed for supporting the Berth structure. Hence there will be no settlement for the berth surface. However, the yard is proposed to be provided over the filled area and some amount of settlement can be expected for the yard surfacing. Anticipating this need, paver block surfacing has been proposed which can be easily re-laid after leveling the underlying layer of sand/concrete. The cost of such repairs can be met from the provision of 1% towards repairs & maintenance of civil works.
	(b). License Fee – Actually, no license fee should be charged for the extended terminal as there is no land as such which is allotted by VPT. It is all water area and needs to be reclaimed by the BOT operator at his own expense. Alternately, VPT can reclaim the land and allot to the Operator and charge license fee as per the Scale of Rates.	Land lease calculations have been revised as per Land Policy for Major Ports-2010 Guidelines of Ministry of Shipping.
(iv).	Missing items in SOR: There is no charge prescribed for restow containers. As this is an inevitable activity for container operations, a rate will have to be prescribed.	Restow activity is very minimal at the existing container terminal i.e. less than 1%. Since it is not a regular activity, charges for restow containers may be met from miscellaneous charges for which rates already notified by TAMP for the existing terminal.
(v).	General Comments:	
	(a). The traffic ramp up will take place over a period of time and it will take a few years before the Terminal can achieve its full capacity. It is therefore necessary to avoid creation of idle capacities. It will therefore be prudent to execute the project in two phases. In the First Phase, two RMQCs and 9 RTGCs can be installed and in the Second Phase the remaining equipment.	Phasing of project implementation is not acceptable.
	(b). As it is not possible to achieve the full capacity of the extension terminal in the first few years, there needs to be a graded MGT which increases gradually over a period of time and then reaches its capacity.	MGT will be specified in the concession agreement at RFP stage.
	(c). Revenue share should be collected on the operating income earned based on the actual throughput rather than on the prescribed MGT/ capacity as traffic generation will not be in the hands of the BOT operator alone. One should also not discount the possibility of the nearby competitors like Gangavaram port setting up container handling facilities.	Revenue share shall be as per applicable regulations/ standard guidelines.

2. A summary of the written comments received from VCTPL on the revised proposal dated 14 November 2012 and the response of VPT thereon is tabulated below:

Sl. No.	Comments of VCTPL	Response from VPT
(i).	The upfront tariff which was originally proposed as ₹6000 per TEU has been reduced to ₹4320 per TEU in the revised proposal. This has been done by revising the number of slots from 1440 to 2040. It is not clear as to the basis by which the number of ground slots has been increased as the total extent of land to be reclaimed remains same.	A total of 2370 ground slots are envisaged for the subject proposal. In additional to the 1440 ground slots as envisaged initially in the area of 41,230 sq. mtrs. which is earmarked for storage yard in the 1,41,000 sq. mtrs. to be reclaimed, an additional area of about 24,570 sq. mtrs. of reclaimed area behind GCB berth in the outer harbour is identified as additional stacking area. In the total area of 6.58 hectares a total of 2370 ground slots are envisaged. Capacity of the terminal thus is increased to 5.43 lakh TEUs per annum.
(ii).	The capacity of the terminal has also been increased from the earlier 330185 TEUs to 467772 TEUs by increasing the yard capacity by assuming higher number of ground slots.	
(iii).	It was represented in our earlier comments that the average dwell time for import containers taken as 2 in the calculation will not be enough and needs to be increased. There are not enough container freight stations for road based containers and serious rake availability issues & rake evacuation capacity constraints both within the port as well as outside for rail containers. Also the share of T/P containers from Haldia/ Kolkata is increasing over the last two years. This may lead to congestion in the container yard of the Port. The overall dwell time of two days for imports is not enough. Further, lower volumes will lead to fewer ship calls & thus increased dwell times. We suggest increasing the dwell time by one more day to make overall dwell time as 4 days. The actual average dwell time during 2011-12 for imports was 4.1 days and for exports 3.8 days.	As already deliberated during the joint hearing of TAMP held on 18 December 2012, the dwell time considered is realistic and feasible with proper planning. The operator is required to adhere to these standards for efficient operation of the terminal.
(iv).	The civil construction costs estimated appear to be on the lower side. The basis for rate analysis for civil works should have been either the market rates or SSR 2013-14. But in the rate analysis made by VPT, SSR-2010-11 was considered. The cost of civil workers, hiring equipment like Vibrio roller has been considered on the lower side. Rock bund construction cost was calculated based on 1999 rates. Although it is escalated but still cost is under estimated. Rates taken for cost of concrete, sand and aggregate are very different from market. The berth is designed with cast-in situ bored piles with combination of the 1200mm dia & 1500mm dia piles. It is felt that all the piles should be 1500mm dia piles according to the berthing forces coming from the higher capability vessels. Due to this, cost of project may increase. Dredging & disposal rate is low considering the prevailing market rates. The rates assumed for construction of light & heavy pavements and the paver blocks are low. Construction of compound wall and cost of other facilities may increase due to low labour rates considered in the rate analysis.	With regard to the civil construction cost estimates the component-wise justification is provided.

	Our calculations showed that the cost estimates have been depressed by about ₹77 crores. In this connection, the statement is furnished.	
(v).	It is not clear whether VPT has carried out bathymetry studies and test bores to identify the pile depth requirements.	Pile depth requirements were assessed and suitable provisions made in the project proposals based on available bathymetry charts and bore details and the same will be furnished at RFP stage.
(vi).	It is also not clear whether there will be any investment from VPT side to prevent unstable conditions for the extended part of the berth during monsoons as the swell will be much more and productivity will be low.	Planning as required shall be done for unstable conditions if any duly assessing the same and costs on account thereof shall be borne by the successful bidder.
(vii).	Time of 24 months proposed for completing the Project may not be enough, especially as reclamation is involved. Longer time for construction may be considered.	The time lines proposed for completing the project are as per the guidelines of the Government of India. As such extension of time for construction may not be considered.

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

<u>Sravan Shipping Services Pvt. Ltd.,</u>

(i). Dwell time of 2 days for import is not enough. We need to have minimum 4 days dwell time for import also. Container Freight Stations for road based containers are insufficient.

It takes 12 to 14 hours to move containers in by road. We cannot operate more than 14 hours a day. There will be congestion in the container yard of the port.

<u>Visakha Container Terminal Pvt. Ltd.</u>

(i). We have carefully seen estimates for civil work. It is underestimated to the extent of ₹77 Crores. We do not have access to the details of cost estimates.

(ii). Why we should consider license fee when the area is to be reclaimed by the BOT operator at his expenses.

<u>Shipping Corporation of India Limited</u>

(i). Because of nearby ports, cargo will go away if handling rate is increased.

<u>Visakhapatnam Port Trust</u>

(i). We do not have more land near the container terminal. We are planning Railway shuttle and yard for storage where containers can be stored.

(ii). Our estimates are correct. Requisite documents are available in the office. VCTPL can see the documents.

(iii). We have to charge for the land reclaimed. It is the land of the port.

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