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Tariff Authority for Major Ports

G.No. 65 **New Delhi, 31 March 2011**

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 general revision of its Scale of Rates as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/13/2009-VPT

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

O R D E R
(Passed on this 18th day of February 2011)

This case relates to the proposal received from Visakhapatnam Port Trust (VPT) for general revision of its Scale of Rates.

2. The existing Scale of Rates of the VPT was last revised by this Authority vide its Order dated 11 May 2006. The Order along with the Scale of Rates was notified in the Gazette of India on 1 June 2006. The validity of the existing Scale of Rates was initially till 31 March 2009. The validity of the existing Scale of Rates of VPT has been extended a couple of times subject to the condition that additional surplus, if any, over and above the admissible cost and permissible return for the period post 1 April 2009 will be adjusted fully in the tariff to be determined. The existing Scale of Rates of VPT was last extended upto 30 September 2010.

3. The proposal filed by the VPT earlier vide its letter dated 1 April 2009 was not found to be in line with the format prescribed by this Authority. The VPT was, therefore, advised to file a comprehensive proposal complete in all respects in the format prescribed by this Authority.

4. The VPT vide letter dated 26 May 2009 has re-submitted the proposal in prescribed format. On being pointed out, the port has subsequently vide its letter dated 22 July 2009 filed cost statements for sub-activities within the cargo handling activity and vessel related activity.

5. The highlights of the proposal filed by VPT are given below:

(i). Cost Statement:

(a). The actual traffic handled for the years 2006-07 to 2008-09 and the estimated traffic for the years 2009-10 to 2010-11 is given below:

(**in lakh tonne**)

Year	Total Traffic	Traffic at BOT berths	Exclusive Traffic of VPT
2006-07 (Actual)	563.85	22.64	541.21
2007-08 (Actual)	645.97	36.60	609.37
2008-09 (Actual)	639.08	46.26	592.82
2009-10 (Estimates)	546.65	39.00	507.50
2010-11 (Estimates)	610.00	40.00	570.00
2011-12 (Estimates)	640.00	40.00	600.00

(b). The estimated shift of coal and some of the bulk cargoes to the newly developed private Port Gangavaram has been considered while formulating traffic projections.

(c). The normal escalation in wage bill @ 7.14% P.A. due to increments and increase in Dearness Allowance has been reckoned with. However, increase in retirement benefits such as pension and gratuity payments is not considered.

(d). A provision of ₹ 24.00 crores per annum has been made towards pay revision, which is expected to be settled in the financial year 2009-10.

(e). Addition proposed to the gross block is given below:

Year	₹ in crores
2010-11	45.03
2011-12	121.91
2012-13	49.21
Total	**216.15**

(f). The net surplus/ deficit reflected in the cost statements filed by the VPT at the existing tariff level is tabulated below:

Sl. No.	Activity	Surplus(+) / Deficit(-) 2009-10 (₹ in lakhs) *(% of operating income)*	Surplus(+) / Deficit(-) 2010-11 (₹ in lakhs) *(% of operating income)*	Surplus(+) / Deficit(-) 2011-12 (₹ in lakhs) *(% of operating income)*
(i).	Port as a whole	(-) 3177.88 (-) 5.75%	(-) 3433.81 (-) 5.75%	(-) 2741.87 (-) 4.40%
(ii).	Cargo Handling Activity	5792.91 22.42%	6903.01 24.85%	7574.56 26.35%
(iii).	Port and Dock facility	(-) 5380.80 (-) 30.15%	(-) 6330.58 (-) 32.00%	(-) 6078.58 (-) 28.86%
(iv).	Railway activity	(-) 2246.17 (-) 48.02%	(-) 2565.31 (-) 34.97%	(-) 2738.68 (-) 35.39%
(v).	Estate activity	(-) 1368.12 (-) 45.5%	(-) 1465.09 (-) 48.7%	(-) 1525.16 (-) 50.7%

(Note: The sum of the surplus / deficit position of the main activities does not match with total deficit estimated for the port as a whole.)

(ii). Scale of Rates:

(I). <u>Vessel Related Charge</u>:

(a). Port Dues:
A single rate of port dues is proposed as against existing separate rate for each categories of vessel.

(b). Pilotage charges:

- ➢ The VPT proposes to continue with the existing slab structure i.e. upto 10,000 GRT, 10,001 to 30,000 GRT and above 30,000 GRT keeping in view the type and size of vessel calling at its port.

- ➢ Reduction proposed
  Iron Ore proposed - 15.5%
  POL Vessels - 17.5%
  Residual category of vessels – No change

(c). Berth hire:

- ➢ Existing rates and slabs of berth hire is proposed to continue except for 90% increase proposed in berth hire for crane berths for GRT vessel size 10001 to 30000.

  The VPT has submitted that the operational expenditure incurred in case of crane berths during 2008-09 is ₹ 14.48 crores, whereas revenue realized on account of berth hire, which is, a composite charge including electric wharf crane charges is ₹ 10.4 crores. The total deficit in case of PDF activity is ₹ 9.17 crores. Keeping these factors in view, it has proposed 90% increase the berth hire in respect of crane berths.

(d). Shifting Charge: Status quo

(II). Cargo Related Charge:

(a). 15% reduction proposed in wharfage of petroleum products. (wharfage for petroleum products is proposed at ₹ 49.00 per KL as against ₹ 57.50 per KL in the existing Scale of Rates)

(b). Wharfages for crude oil has already been revised downwards to ₹ 39/- per tonne as against ₹ 57.74 per KL approved by TAMP (i.e. ₹ 67.74 per tonne).

The total financial implication due to reduction in wharfage for petroleum products and crude is estimated at ₹ 6.30 crores and ₹ 41.20 crores respectively.

(c). 8% reduction in wharfage for all types of coal, 5% to 6% reduction in Fertilizers (including MOP) and Dry fertilizers raw materials is proposed.

Further, wharfage has been proposed for the new cargo items viz. Gypsum, Methanol and Waste oil.

(d). No change proposed in the wharfage rate for iron ore and for other cargo.

(e). Demurrage Charge - No change in tariff proposed.

(III). Miscellaneous tariff items:

Charges for license fee, water supply, hire charge on equipment, miscellaneous charge – Existing rate proposed to continue.

(IV). Major modification proposed in the existing conditionalities:

(a). The existing clause for penal berth hire for under performance is proposed to be done away with as the procedure is found to be cumbersome and time consuming.

(b). For pilotage movement of vessel not involved in cargo transportation, but for other commercial activities such as drilling rigs, survey works, etc., 10% extra pilotage fee is proposed.

(c). Proposed to offer 33⅓ % rebate in demurrage charge in respect of import bulk cargo.

(iii). The total deficit estimated by the VPT at the existing tariff level is ₹ 93.54 crores for the years 2009-10 to 2011-12 as per the cost statement. At the proposed tariff level, the total deficit for these years is estimated to increase to ₹ 113.39 crores as per its cost statement.

6. In accordance with the consultation process prescribed, the VPT proposal dated 26 May 2009 and the sub-activity-wise cost statement filed by VPT vide letter dated 22 July 2009 were circulated to the concerned users / user organisations seeking their comments. The comments received from the users / user organisations were forwarded to the VPT as feedback information. The VPT has furnished its remarks on comments of the users / user organisations.

7.1. The VPT has subsequently vide letter dated 12 September 2009 stated that as per the note 12 of the general terms and conditions which gives flexibility to the port to grant concession in the rates approved by TAMP, the VPT Board has vide its meeting dated 3 August 2009 approved a Trade Policy for extending concessional tariff to encourage imports/ exports through port of Visakhapatnam to over come economic slow down due to recession and also to encourage trade.

7.2. The VPT has stated that said policy was circulated to the Trade. In response, many importers/ exporters like M/s.Steel Authority of India, M/s.Coromandel Fertilizers, M/s.Tamilnadu Electricity Board, M/s.Rain Calcining Limited, M/s.Essar Limited, M/s.NALCO and M/s.MMTC have come forward to enter into MOU with the port and some more players are likely to participate. The VPT has requested to consider its proposal of extending concession in tariff by the above trade policy. The financial implication of the concessions offered on the above trade policy will be around ₹ 13.84 crores per annum. It has stated that the financial implication is not considered in the cost statements furnished to TAMP and has requested to factor the same.

7.3. With reference to the VPT's letter dated 12 September 2009 proposing to grant concessional tariff as per the Trade Policy to attract trade, the port was vide our letter dated 16 September 2009 requested to furnish the following:

(i). Additional traffic likely to be attracted in view of the said trade policy.

(ii). Indicate whether the traffic forecast considered in its general revision proposal takes into account the impact of the new scheme .

(iii). Furnish commodity-wise additional traffic expected to be attracted in each of the years 2009-10, 2010-11 and 2011-12 due to the new policy initiative.

(iv). Furnish additional income, not only cargo related and Railways but also vessels related, anticipated to accrue to the port from such additional volumes alongwith detailed calculation.

7.4. The port has, however, not furnished its reply on the above mentioned points.

8.1. As the financial year 2009-10 is already completed, the VPT was vide our letter dated 19 May 2010 requested to update the cost statements with actuals for the year 2009-10 and to review the estimates for the years 2010-11 and 2011-12 based on the actuals for the year 2009-10, if necessary. The VPT was also requested to furnish the estimates for the year 2012-13 so that the revised tariff can be prescribed for the full tariff cycle of 3 years.

8.2. After several reminders and regular follow up, the VPT vide letter dated 26 August 2010 has filed revised cost statements along revised proposed Scale of Rates. The main submissions made by the VPT are summarised below:

A. <u>Cost statements</u>:

(i). The cost statements are updated with 2009-10 actuals. Estimates for the years 2010-11 and 2011-12 have been revised. As advised, the port has incorporated the estimates for the year 2012-13.

(ii). The revised traffic projection excluding the BOT traffic alongwith 2009-10 actual traffic handled by VPT is given below:

(**Lakh tonne**)

2009-10	573.97
2010-11	571.90
2011-12	615.00
2012-13	685.60

(iii). (a). The original proposal contained provision of ₹ 24.00 crores towards pay revision. In the revised proposal, the expenditure on salaries for the year 2009-10 considers revised pay & allowances announced for Class III & IV employees.

(b). The salary projections for the years 2010-11 to 2012-13 have been made considering normal increase in wage bill @ 7.1% per annum.

(c). A block provision of ₹ 3.50 crores per annum towards increase in Pay & Allowances of Class I & II officers is considered from the year 2010-11 onwards. However, the actual financial impact of pay revision as communicated by the Ministry and 47% allowances under cafeteria approach in July 2010 is around ₹ 11.60 crores per annum.

(iv). Escalation on other expenditure is considered at 3.76% per annum. However, no increase in fuel oil and lubricants cost is considered.

(v). 50% of Royalty / Revenue share earned is transferred to Escrow Account and not taken as Income for the purpose of tariff fixation as per the guidelines prescribed by TAMP.

(vi). Finance and miscellaneous expenditure have been projected as per the statutory provisions i.e., property tax @ 4% on gross earnings, contribution towards pension fund & Grauity Fund @ 27% & 8.33% respectively on Pay plus D.A. as per the Income Tax Rules 1961.

(vii). Payment of wage arrears as well as pension arrears as per 6th CPC has been excluded as per the guidelines of TAMP. Provision for Leave Encashment Liability as per the Actuarial Valuation is also not considered as Expenditure.

(viii). Additional Provision made towards contribution to Pension and Gratuity Funds and one time expenditure on major R&M expenditure on Permanent Ways have also not been considered as Expenditure.

(ix). Income and Expenditure of Cargo Handling Division (Erstwhile Visakhapatnam Dock Labour Board) has not considered in this proposal as the levy for deployment of Cargo Handling Division labour is being dealt separately.

(x). The vessel charges were reckoned at the dollar exchange rate of ₹ 46.26 as per the rate prevailing on 31.07.2010.

(xi). The major additions proposed to gross block as per the revised cost statement are:

Year	**₹ in crores**
2010-11	49.30
2011-12	307.90
2012-13	317.42
Total	**674.62**

(xii). A summary of the cost position reflected in the revised proposal is tabulated below:

(**₹ in lakhs**)

Sl. No.	**Activity**	**Revised proposal**		
		Surplus(+) / Deficit(-) 2010-11 ***(% of operating income)***	**Surplus(+) / Deficit(-) 2011-12** ***(% of operating income)***	**Surplus(+) / Deficit(-) 2012-13** ***(% of operating income)***
(i).	Port as a whole	(-)5658.97 (-)9.03%	(-)9268.19 (-)13.75%	(-)11024.67 (-)14.99%
(ii).	Cargo Handling Activity	6399.24 22.39%	5864.09 19.52%	9775.22 27.08%
(iii).	Port and Dock facility	(-)7055.75 (-)34.26%	(-)9514.03 (-)40.79%	(-)15031.70 (-)66.60%
(iv).	Railway activity	(-)4337.83 (-)35.31%	(-)4971.71 (-)54.30%	(-)4712.23 (-)55.36%
(v).	Estate activity	(-)651.81 (-)17.0%	(-)697.95 (-)18.2%	(-)1138.82 (-)29.7%

B. Modification in the Scale of Rates:

(i). (a). Cargo Handling & Storage:

The Cargo Handling & Storage Activity as a whole depicts surplus. The net surplus at the existing tariff after return for the activity as well as sub-activity as per the cost statement furnished by VPT is tabulated below:

(**₹ in lakhs**)

	2010-11	**2011-12**	**2012-13**
Cargo Handling Activity as a whole	6399.24	5864.09	9775.22
POL Handling	5879.52	5966.02	6181.93
Iron Ore Handling	-3268.60	-4391.48	-4514.97
Coal Handling	650.69	880.02	703.87
Fertilizer Handling	309.89	472.45	415.96
Other General Cargo Handling	2208.73	2260.60	3059.50
Other Services	619.01	676.48	3928.93

(b). POL Handling:

In view of the Surplus available in POL Handling, the wharfage rate for Crude Oil has been reduced from ₹ 67.74 per Tonne (i.e. ₹ 57.50 per KL) to ₹ 39.00 per tonne w.e.f. 1-4-2007. The financial impact on such reduction would be around ₹ 2554.00 lakhs per annum.

The wharfage rate for Crude Oil handled at SPM Facility set up by M/s.HPCL in Outer to Outer Harbour is fixed at ₹ 17.00 per tonne only on mutual understanding between HPCL & VPT.

(c). Also, the wharfage rate for POL products is proposed to be reduced from ₹ 57.50 per KL to ₹ 49 per KL resulting in decrease in revenue to an extent of ₹ 571.14 lakhs per annum.

(d). Handling of the Other Cargoes:

- In view of the surplus in sub-activities of handling of other cargoes and also in view of the need to retain the cargo throughputs on the eve of prevailing competitive scenario due to existing private ports within the vicinity, VPT had already introduced a trade policy duly offering concession in wharfage on sliding scale basis with reference to volume of traffic assured on entering into MOUs with individual trade members.

- The annual financial impact on the said concessions offered will be ₹ 12.52 crores per annum (Iron ore & pellets – ₹ 719.20 lakhs, Coal – ₹ 452.08 lakhs and Fertilizers & Fertilizer raw materials – ₹ 81.00 lakhs).

- However, the wharfage in respect of Iron Ore & Pellets handled at Inner Harbour is proposed to be increased from ₹ 13.50 to ₹ 26.20, which may yield ₹ 3.81 crores. On the similar grounds, the rate for Iron Ore & Pellets handled at Outer Harbour is also proposed to be increased from ₹ 95.00 to ₹ 110.00 to recoup the deficit disclosed in the Iron Ore handling activity, which may yield ₹ 22.80 crores per annum.

(ii). (a). Port and Dock charges:

The cost statement for Port and Dock facilities depicts deficit position. The net deficit at the existing tariff after return for the said activity as well as sub-activities as depicted in the cost statement filed by VPT are indicated below:

(**₹ in lakhs**)

	2010-11	2011-12	2012-13
Port and Dock Facility	-7055.75	-9514.03	-15031.70
Berthing	-5741.68	-6069.23	-10751.84
Pilotage	-582.47	-2253.86	-2707.24
Port Conservancy	-153.72	-570.89	-872.41
Dry Docking	-571.24	-602.02	-655.55
Other Services	-6.64	-18.02	-44.66

(b). Berth Hire Charges:

- The Port is incurring huge loss in the sub-activity "Berthing" owing to maintenance of higher capacity wharf cranes. The operational expenditure incurred on wharf cranes during 2009-10 is ₹ 14.59 crores while the other expenditure on berths is ₹ 37.08 crores including depreciation & MGA overheads.

- The total expenditure on this sub-activity after considering allocable F&M expenditure is ₹ 66.39 crores whereas the revenue realized on account of berth hire, which is a composite charge, is ₹ 34.34 crores resulting in a deficit of ₹ 32.05 crores after ROCE. Keeping these factors, it is proposed to increase the berth hire charges.

- Also, the TAMP guidelines 6.10 prescribes that Berth-Hire charges shall be in single slab of GRT while the present tariff in VPT is on three slabs of GRT separately for iron-ore vessels, POL vessels and other residual cargo vessels.

- It is proposed to do away with the multiple slab system and propose single slab rate for each categories of vessel as indicated below vis-à-vis the present tariff.

(**in US$ per GRT per hour**)

Present Tariff:		**Proposed Tariff:**
Iron-ore and Pellet vessels- (Mechanical)		Iron-ore and Pellet vessels- (Mechanical)
Up to 70,000 DWT	$ 0.0080 }	$ 0.01235
Above 70,000 DWT	$ 0.0029 }	
POL vessels:		POL vessels:
Up to 10,000 GRT	$ 0.0022 }	$ 0.00367
10,001 to 30,000 GRT	$ 0.00094 }	
Above 30,000 GRT	$ 0.0016 }	
Residual Cargo vessels:		Residual Cargo vessels:
Crane Berths		Crane Berths
Up to 10,000 GRT	$ 0.0046 }	$ 0.0074
10,001 to 30,000 GRT	$ 0.00215 }	
Above 30,000 GRT	$ 0.0036 }	
Non-Crane Berths:		Non-Crane Berths:
Up to 10,000 GRT	$ 0.0023 }	$ 0.0037
10,001 to 30,000 GRT	$ 0.00107 }	
Above 30,000 GRT	$ 0.0018 }	

(c). Pilotage:

- In view of the deficits depicted under the sub-activity, the Pilotage charges are also proposed to be increased as well as rationalization of tariff is proposed.

- The TAMP guideline prescribes that Pilotage and shifting charges shall be in three slabs i.e. up to 30,000 GRT, 30,001 to 60,000 GRT and above 60,000 GRT. In the revised proposal the port has proposed the slabs as per the tariff guidelines. It has proposed to apply the three slab rates uniformly for all the categories of vessels by doing away with existing separate pilotage fee for different categories of vessels.

- It also mentioned that a reduction of 20% on the unit rate of the first slab will be effected for the second slab and a reduction of 30% on the unit rate of the first slab will be effected for the third slab on the incremental GRT. The existing vis-à-vis proposed pilotage fee is given below:

(**in US $ per GRT**)

Present Tariff:		**Proposed Tariff:**	
Iron-ore & Pallets vessels-Mechanical		**All vessels**	
Up to 40,000 GRT	$ 0.5517	Up to 30,000 GRT	$ 0.5140
Above 40,000 GRT	$ 22068 + $ 0.4965 per GRT Over 40,000 GRT	30,001 to 60,000 GRT	$ 15420 + $ 0.4112 per GRT Over 30,000 GRT
		Above 60,000 GRT	$ 27756 + $ 0.3598 per GRT Over 60,000 GRT
POL vessels			
Up to 10,000 GRT	$ 0.2956		
10,001 to 30,000 GRT	$ 0.3096		
Above 30,000 GRT	$ 0.4455		
Residual Cargo vessels			
Up to 10,000 GRT	$ 0.3261		
10,001 to 30,000 GRT	$ 0.3402		
Above 30,000 GRT	$ 0.4896		

(d). Port Dues:

- There is marginal deficit in this sub-activity. Therefore, no revision of tariff is proposed under this head except rationalization of tariff as prescribed by the TAMP. Single slab rate is proposed for all vessels instead of existing differential port dues for different categories of vessels.

- This will result in marginal increase in revenue to wipe off the deficits.

- Comparative position of existing and proposed port dues is given below:

Present Tariff:		**Proposed Tariff:**
Iron Ore & Pallets vessels-Mechanical:	$ 0.178	All Category Vessels $ 0.262
POL Vessels :		
Vessels entering outer harbour	$ 0.2633	
Vessels entering inner harbour	$ 0.2187	
Residual category vessels	$ 0.251	

(e). Dry Docking Charges:

The proposal for revision in the dry docking charges have already been approved by TAMP. Therefore, no further revision is proposed even though the activity discloses deficits.

8.3. To summarise, the main modifications proposed by VPT in its SOR with reference to vessel and cargo related charges vis-à-vis its original proposal is tabulated below:

Sl. No.	Description	Original proposal	Revised proposal
(i).	Port Dues	Single rate proposed as against differential port dues for different categories of vessel in existing Scale of Rates.	Proposed as in the original proposal.
(ii).	Pilotage charges	The existing structure for three categories of vessel is maintained. Reduction proposed in pilotage fee are: ➢ 15% reduction for Iron Ore vessel ➢ Around 17.5% reduction in POL vessels ➢ Residual category of vessels – status quo	Uniform tariff structure proposed for all the three categories of vessels in the three slabs as recommended by the Government and included in 2005 guidelines. A preliminary examination shows that at the revised rates proposed, the <u>increase would be around 50% to 74% for POL and residual vessels below 30,000 GRT</u>. For vessels above 30,000 GRT, there would be reduction of 7% to 17% for all categories of vessels.
(iii).	Shifting charges	Status quo maintained as in the existing Scale of Rates.	Differential shifting charges for different categories of vessel is done away with. Uniform shifting charges for all the categories of vessel is proposed following the three slabs structure proposed for pilotage fee. The shifting charge proposed is around 40% of the proposed pilotage fee.
(iv).	Berth hire	Existing berth hire proposed to continue except for 90% increase proposed in berth hire for crane berths (residual category) for GRT vessel size 10001 to 30000.	Single slab proposed for each categories of vessel instead of existing two tier/ 3 tier slab rates. Impact is increase in the range of 114% to 212% for most of the vessel size.
(v).	Wharfage:		
	(a). Petroleum products	15% reduction	Retained as in the original proposal (i.e. 15% reduction).
	(b). Crude oil	42% reduction (unit of levy modified from K.L. to per tonne)	Retained as in the original proposal (42% reduction).
	(c). Fertilisers (including MOP)	5% reduction	Existing rate proposed (no reduction).
	(d). Iron Ore & Pellets	Mechanical & Conventional handling – status quo	➢ Mechanical handling – <u>15% to 16% increase</u> ➢ Conventional handling – <u>82% to 94% increase</u>

	(e). All types of Coal, Coke and Coal tar pitch	8% reduction	Existing rate proposed (no reduction).
	(f). Liquid Ammonia, Molten Sulphur, Rock phosphate and Sulphur	6% reduction	Existing rate proposed (no reduction).
	(g). Gypsum, Methanol and Waste oil	Wharfage proposed for the new cargo items.	Wharfage for the new cargo items proposed as in the original proposal. Wharfage rate for one more cargo proposed to be introduced i.e. Bio-diesel.

9. The revised proposal of VPT alongwith the revised Scale of Rates was forwarded to the users/ user associations consulted earlier for their comments, if any. The comments received from the users/ user organisations were forwarded to the VPT as feedback information. The VPT has furnished its remarks on comments of the users / user organisations.

10. Subsequently, the Visakhapatnam Port Trust vide its letter dated 1 September 2010 has requested to approve and notify the demurrage charges presently applicable to cargo not removed from General Cargo Berth (GCB) after completion of handling operation to all the berths w.e.f. 20 June 2010 on adhoc basis. The main points made by the VPT in this regard are as follows:

(i). The note 6 under Section 4.6.2. of the existing Scale of Rates prescribes the following demurrage charges on cargoes not removed from the General Cargo Berth (GCB) in outer harbour after completion of discharge from the vessel/ shipment to a vessel:

(a).	First five hours	Free
(b).	6th to 10th hour	₹ 5,000 per hour or part thereof
(c).	11th to 15th hour	₹ 10,000 per hour
(d).	16th hour onwards	₹ 25,000 per hour or part thereof

(ii). Most of the Handling Agents take 24 hours or even more time for clearance of the cargo from the wharf after completion of discharge/ shipment. As a consequence, the next vessel which is berthed at the same berth is not able to commence its cargo handling operations for nearly one day or even more, affecting the performance of the port.

(iii). Citing that the Handling Agents do not deploy adequate number of dumpers and pay loaders to ensure matching evacuation from the wharf, which adversely affects the vessels performance, the port has applied the demurrage charges which is otherwise applicable for GCB berth as per Note No.6 of Section 4.6.2. of Scale of Rates to all the berths w.e.f. 20 June 2010 on adhoc basis.

11.1. It was brought out to the VPT vide our letter dated 28 September 2010 that the application of the existing condition at GCB to all berths on adhoc basis by port is not in line with clause 2.17.1. to 2.17.3. of 2005 tariff guidelines. The guidelines stipulate that the adhoc rate must be derived based on the existing notified rate for comparable service/ cargo and it must be mutually agreed upon by parties/ the concerned users. In the instant case, the rate levied does not have concurrence of the concerned users. The VPT was, therefore, requested to clarify the tariff setting arrangement under which adhoc rate is collected by the port and to furnish information/ clarifications on few other points:

(i). The instances where the cargo handling agents did not deploy adequate number of dumpers and payloaders to evacuate cargo from wharf in the last two years which adversely affected the performance of the port may be furnished.

(ii). Furnish berth-wise, cargo wise average handling rate of different cargo items at each of the port berths and the average evacuation rate for the last two years.

(iii). Number of vessels which had to wait in view of delay in evacuation of cargo at the wharf side in the last two years may be furnished.

(iv). Clarify whether the application of the existing note to all berths is only a temporary measure or it proposes to incorporate such condition permanently in its Scale of Rates.

(v). The additional income likely to accrue on account of the proposed arrangement may be furnished.

11.2. The VPT has not furnished its reply.

12. Based on the preliminary scrutiny of the general revision proposal, the VPT was requested to furnish information/clarifications on various points vide our letter dated 4 October 2010. The VPT has furnished their reply on the queries raised by us subsequent to the joint hearing which are brought out in the subsequent paragraph.

13.1. A joint hearing in this case was held on 2 November 2010 at the Visakhapatnam Port Trust. The VPT made a power point presentation of its proposal. At the joint hearing, VPT and the concerned users/ organisation bodies have made their submissions.

13.2. As agreed at the joint hearing, the VPT was advised to furnish its reply to the detailed questionnaire issued by us on 4 October 2010 within 10 days i.e. 12 November 2010. While doing so, the port is also requested to furnish necessary clarifications / additional information on the following points:

(i). Confirm that the trade discount scheme introduced by it does not violate the berthing policy and stevedoring policy of the Government.

(ii). With reference to its proposal to maintain the traffic projections for the next three years at more or less the same level, explain whether the traffic projections made by it conforms to the projections made in the 5 year plan and in the business plan of the port.

(iii). The port has submitted that the capacity will be restricted in the next 3 years in view of some of the modernisation and renovation programme undertaken by it. In this regard, the port is advised to furnish the details of the various schemes and the present status thereof along with likely date of completion of such works. Further, the port is also advised to furnish the year wise capacity during the next three years.

(iv). To consider the request made by the users for gradual rationalisation of the vessel related charges in order to smoothen the tariff burden arising from the proposed rationalisation. Further, the port may also examine the feasibility of prescribing a separate berth hire rates for BOT berths with reference to the relevant cost obtaining to those berths.

13.3. With reference to the points discussed at the joint hearing, the VPT has responded vide letter dated 24 November 2010. The VPT has furnished clarifications alongwith revised cost statements and Scale of Rates. The main points submitted by VPT are summarised below:

(i). The Berthing policies are formulated at the individual Major Ports' level and there are no separate policy or guidelines of the Central Government in this regard. However, the instructions issued by the Government from time to time in respect of any berthing priorities is being followed as a part and parcel of the berthing policy being followed at this port. Further, the Stevedoring policy of the Government is in no way related to the trade discount schemes, which are basically introduced to attract / retain cargoes at this port and such Trade Policy is made open to the Trade users at large.

(ii). Traffic projections of VPT as per five year plan and commodity-wise traffic projection as per Business Plan is furnished. These details has been brought out in the subsequent part of the note i.e. reply of VPT to queries raised by us.

(iii). (a). The port has furnished details of various schemes and the present status thereof for the years 2010-11 to 2012-13 which is given below:

Project Name	Likely date of completion	Cost of investment	Status
2010-11			
Procurement of Launches & Barges		8.00	Works in progress- Expendr. Incurred up to 31-10-2010 – ₹ 3.31 crores
Widening of 2 lane roads at KR&Sons at Dock area	March, 2010	3.40	Work completed
Formation of Service road on the northern side of Port connectivity		6.17	Works in progress- Expendr. Incurred up to 31-10-2010 – ₹ 3.78 crores
Revamping of East yard Service roads		3.51	Works already in progress
Development of additional stacking space		7.50	Work completed
Non plan capital works		2.38	Works already in progress
Strengthening of road at west of OHC		1.49	Work completed
Environmental measures		6.60	Work in progress - Expendr. Incurred up to 31-10-2010 – ₹ 3.55 crores
Non plan capital works - OHC		3.00	Works already in progress
Strengthening of corridor at R&D Yard		3.25	Works in progress- Expendr. Incurred up to 31-03-2010 – ₹ 2.10 crores
Widening and strengthening of roads at SS Nagar		1.01	Works already in progress
MS lowers for fly over bridge		0.05	Work completed
Non plan works - Estate		2.62	Works already in progress
Improvement of illumination and power supply system		0.32	Work completed
Total for 2010-11		**49.30**	
2011-12			
Second stage Deepening and widening of inner harbour entrance channel and turning circle draft from 11 mts. to 12.5 mtrs.	Sept., 2011	70.00	Tender cancelled due to exorbitant amount quoted by single bidder. Soft soil dredging part work was entrusted to DCI and regarding Rock dredging tender noticed issued .Tenders opened on 9.9.2010 are under technical evaluation.
Replacement of tractor tug Swarna and Natravathi	July, 2011	83.20	Work order issued on 5.03.09. Scheduled date of completion July 2011
Improvement and development of port roads	March, 2011 (on going schemes)	40.00	No. of Sub-schemes taken up: 34 Schemes completed: 30 Under progress : 2 Estimate stage :2 Phy. Progress 99%
Improvement and development of port railway system	March, 2011 (on going schemes)	35.00	No. of Sub-schemes taken up: 29 Schemes completed: 15 Under progress :4 Tender stage : 4 Estimate stage : 6 Phy. Progress 63%
Environmental upgradation schemes in Phase II - & Providing slope protection to the south bank of Inner Channel.	March, 2011	38.00	Work order issued Mobalisation is in progress. Physical progress is 16.56%
Strengthening of East Quay Berths EQ5, EQ6, WQ1 to WQ3 to cater to 12.5.m draft vessels.	February, 2011	35.20	Work order issued on 11.8.09. Physical progress is 31%
Non-Plan Capital Works -CHS		2.00	
Non-Plan Capital Works -OHC		2.00	
Non-Plan Capital Works -Estate		2.50	
Total for 2011-12		**307.90**	
2012-13			
Third stage deepening and widening of inner harbour entrance channel and turning circle draft from 12.5 mtrs. to 14 mtrs.	June 2012	244	In principle approval of the Ministry was received on 21.6.2010 for an estimated cost of ₹ 244 crores and EFC memo sent to Ministry on 06.07.2010 for approval of the competent authority.
Modernisation of (OHC) - Replacement of Stacker etc.,	March, 2012	45.00	Bids opened on 12.3.2010 and are under technical evaluation.
Procurement of Bucket wheel reclaimer	March, 2012	16.41	Fresh Tender to be invited basing on Standard Tender Documents circulated by MOS.
Strengthening of EQ7, WQ4, and WQ5 berths to cater 12.5 m draft vessels.	March, 2012	18.00	Will be taken up after completed of strengthening of 5 berths as Phase -I

Construction of WQ1 return end and WQ8 return end., Dev. of SL canal, Widening of EQ5 and EQ6 berths.	March, 2012	33.37	Scheme yet to be taken up.
Improvement of power supply system.	March, 2012	10.00	1.Replacement of panels on TT7 & TT9. Work completed. ii) Replacement of HT panels: Work completed on 25.6.09 iii) Procurement of 132 KV control panels: Work completed.
Information technology project.	March, 2012	10.00	Replacement of computers and procurement and installation of Hardware completed. Hospital Management Software completed. ERP solution work is in progress.
Reconstruction of OR1 and OR2 berths to cater to 12.5 mtrs. in the Inner Harbour of VPT.	March, 2013	182.20	Draft technical feasibility for strengthening berth to 12.5 mtrs. received from IPA which is under examination.
Total for 2012-13		**558.98**	

(b). Capacity of the port assessed as on 31 March 2010 and additions to the capacity (year-wise) in view of different projects as furnished by VPT is tabulated below:

(**in lakh tonnes**)

Capacity as on 31.3.2010 (2009-10)	**622.70**
Add: Capacity addition during 2010-11	
1) Strengthening of 5 berths	6.00
Capacity as on 31.3.2011 (2010-11)	**628.70**
Add: Capacity addition during 2011-12	
Second Stage deepening	12.00
Strengthening of 3 berths	5.00
Construction of WQ1 return end	5.00
SBM facility (incremental)	80.00
Third stage deepening	30.00
Assessed Capacity as on 31.3.2012	**760.70**
Add: Capacity addition during 2012-13 (including BOT projects awarded on PPP basis)	
Development of WQ6 berth	20.80
Mech of EQ7	22.00*
Construction of EQ10	18.40
Mech and Upgradation of GCB	45.00 *
Development of WQ7 berth	56.60
Development of WQ8 berth	56.60
Development of EQ1	34.00 *
Development of EQ1A	73.60
Assessed Capacity as on 31.3.2013	**1087.70**

(*) Additional capacity envisaged for existing berths

Note: The capacities may change in case of change of cargo profile in future.

(iv). (a). In view of the requests made by the trade and TAMP's advise to review the vessel related charges, VPT has reviewed the Berth Hire charges as the rationalisation is more harsh to vessels below 30000 GRT vessels. In order to smoothen the impact to these vessels, it is proposed to fix Berth hire charges in two slabs of GRT. The revised berth hire charges proposed now are as furnished below:

Iron Ore	Per GRT per Hour (in US $)
Up to 42000 GRT	0.01710
Above 42000 GRT	0.00810
POL Vessels	
Up to 30000 GRT	0.00270 (subject to a min. of 27 US $)
Above 30000 GRT	0.00400

Residual Crane berths	
Up to 30000 GRT	0.00670 (subject to a min. of 67 US $)
Above 30000 GRT	0.01000
Residual non-crane berths	
Up to 30000 GRT	0.00270 (subject to a min. of 27 US $)
Above 30000 GRT	0.00400

On considering above revised rates, the impact on berth hire charges was smoothened to 187.23 % instead of 290% as per the earlier proposal.

(b). Regarding separate tariff for BOT operators, it is to state that, VPT had incurred about ₹ 56 crores for construction of berth operated by M/s.VCTPL and the depreciation & admissible ROCE itself works out to ₹ 9.70 crores per annum while berth hire charges accrue to VPT is only ₹ 0.85 crores per annum. Even then, VPT proposed nominal berth hire charges on par with non-crane berth charges of VPT.

It is also to state that, in order to improve the container traffic at this port, VPT had already offered a rebate of 35% of Port Dues and Pilotage charges for Main line container vessels and 25% of rebate to all free line containers.

In view of the above, the request of the BOT operator could not be considered further.

14. The VPT has also furnished their response vide its letter dated 24 November 2010 to the queries raised by us vide letter dated 4 October 2010. A summary of the queries raised by us to VPT and the corresponding replies furnished by the VPT is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Queries raised by us</th><th>Reply furnished by VPT</th></tr>
<tr><td>I.</td><td>GENERAL</td><td></td></tr>
<tr><td>(1).</td><td>The Authority has allowed flexibility to all major ports to reduce the rates prescribed in the Scale of Rates at their discretion mainly on commercial considerations. Such reduction, if any, effected by the VPT may be listed out and the consequential effect of such concessions granted on growth of traffic and impact of such reduction on the revenue may be analysed item-wise and furnished.</td><td>A detailed statement showing reductions in rates offered over prescribed rates in the SOR under flexibility allowed by the TAMP is furnished. The statement indicating the rate as per the existing SOR and the concession allowed in wharfage rate as per the trade policy for various cargo and its impact thereof on the revenue for each of the years 2010-11 to 2012-13.
A summary of the cargo-wise revenue impact (i.e. reduction) in the revenue for the years 2010-11 to 2012-13 estimated by VPT in view of concessional wharfage rate on various cargo item is given below:
(₹ in lakhs)
<table>
<tr><td>Crude Oil *</td><td>11775.52</td></tr>
<tr><td>Coking coal</td><td>1311.24</td></tr>
<tr><td>Thermal coal</td><td>45.00</td></tr>
<tr><td>Fertilisers & Fertiliser Raw Material</td><td>243.00</td></tr>
<tr><td>Iron ore</td><td>1290.00</td></tr>
<tr><td>Iron ore slurry</td><td>867.60</td></tr>
<tr><td>Other cargo – BF Slag, Alumina, Limestone, Bauxite ore</td><td>135.00</td></tr>
<tr><td>Total</td><td>15667.36</td></tr>
</table>

* As regards crude oil, the VPT has submitted that due to concessional rate, HPCL has assured minimum traffic of 90 lakh tonnes per annum during the years 2007-08 and 2008-09 and 100 lakh tonne per annum from 2009-10 to 2014-15. Also, they are setting SPM with VPT.</td></tr>
</table>

		The concession is allowed to them to retain crude traffic with VPT. Continuous surplus generated in the handling activity is also one of the factors to consider reduction in rates.
(2).	The port may examine whether any of the services qualifying under Section 42(3) of the Major Port Trusts Act are offered by any service provider authorised by the port. If so, the VPT may initiate action with reference to Chapter 7 of the tariff guidelines.	The floating cranes at GCB, Barges, Bunker Barges and certain Handling Equipment have been provided by the private service providers and the charges for the services provided to the vessels by the said cranes, barges and equipment are paid by the importers/ stevedores directly to the service providers and VPT has no intervention on such operations. If TAMP contends that the charges collected by these service providers comes within the purview of the Authority, VPT will advise them approach TAMP in this regard.
(3).	The tariff guidelines of 2005 recommend that the tariff should be linked to benchmark levels of productivity. During the last tariff revision Order passed on 11 May 2006, the Authority in para 12 (L) had advised the port to propose suitable incentive / disincentive scheme. The VPT has not indicated anything about productivity levels to be maintained for various operations / services in the current tariff revision proposal. These may be included in the Scale of Rates and the basis adopted for determining the benchmark level of productivity may be explained. While doing so, it may be confirmed whether it takes into consideration the revised manning scales announced by the National Tribunal Award.	The issue of linking tariff to benchmark levels of productivity has been examined and found to be not feasible due to practical difficulties in fixing the benchmarks and its implementation. Earlier, the available benchmarks of commodity wise per hook per shift output rates in SOR 2001 have been withdrawn considering the practical difficulties in SOR 2006. At present, VPT is in an auto transition stage towards mechanization of its various infrastructure and cargo handling facilities. The full utilization of information technology monitoring the various performance indicators for fixing relative standards are on the way. During this transition stage, it may not be a worthy proposal of indicating incentive / dis-incentive schemes. The VPT need to monitor the operations for quite some time as various factors like performance of the stevedores and C&F Agents, CHD workers under the new Tribunal Award, performance of the new equipment introduced (Harbour Mobile Cranes) etc need to be evaluated on a full time basis. Hence, for the time being, VPT is not willing to offer any incentive / dis-incentive schemes which can be indicated through tariff proposals. However, various privileges such as berth reservation scheme, volume based rebates under trade policy etc. are being offered where inter alia, there is a concession in wharfage to be eligible exporters/importers. It is also to state that such incentive / disincentive schemes need not specially be mentioned in the present proposal but can be proposed at an appropriate time basing on the request of the trade for particular mode of operation, type of cargo etc. Further, clause 12 of General Terms & Conditions of existing VPT SOR envisages certain rebates and concessions subject to certain conditions which can be utilized at an appropriate time.
II.	**FINANCIAL / COST STATEMENTS**	
(1).	The reconciliation statement furnished by the port for the years 2006-07 to 2009-10 reconciles the overall operating income, total expenditure and the net surplus as per reported in the Annual Accounts with reference to the figures shown in cost statement. In this regard, the following points may be clarified:	

	(i). The reconciliation statement does not show adjustments relating to vessel related income and estate income. On the other hand the vessel related and estate income reflected in the cost statement do not match with the income reported under each heads in the Annual Accounts. Likewise, in the expenditure side also, the adjustments done under each activity are not furnished in the reconciliation statement. The VPT is advised to reconcile each head of income and expenditure reported in the Annual Accounts with the figures considered in the cost statement for the years 2006-07 to 2009-10.	The port has reconciled each head of income and expenditure (principal activity wise) reported in Annual Accounts for the years 2006-07 to 2009-10 with the figures considered in the cost statement.
	(ii). The port has stated that the income and expenditure related to CHLD are not considered as separate proposal is filed in this regard. It is, however, observed that the income and expenditure relating to the CHLD shown as adjustment in the reconciliation statement does not tally with the income and the expenditure statement for the CHLD furnished in the separate proposal filed by the VPT vide letter No.FA/COST/CHD/LEVY/10 dated 4 May 2010. For example, the total income shown in its proposal dated 4 May 2010 from CHLD activity is ₹ 2267.16 lakhs for the period Sept 2008 to 31 March 2009 and ₹ 3173.1 lakhs for the year 2009-10. However, in the general revision proposal, from the reconciliation statement it appears CHLD income is not excluded from in the year 2008-09 and for the year 2009-10 CHLD income of ₹ 1758 lakhs is excluded from the total income which does not match with its CHLD proposal. Such mismatch in figure is observed in the expenditure side also. The VPT is again requested to examine and modify the cost statement and show that there is no overlapping of any of the cost, income and investments related to the CHLD in the general revision proposal for the period 2008-09 and 2009-10 and also in the estimates for the years 2010-11 to 2012-13. A confirmation in this regard may also be given.	VPT considered the Income and expenditure of CHLD based on the draft accounts for 2009-10 which have been finalized in June, 2010 whereas, in the proposal of CHLD, its income has been taken on provisional estimation before adjustments on accrual basis. Hence, the difference. The CHLD income for the year 2008-09 has also been excluded from the income considered in cost statements i.e., total operating income as per annual accounts of ₹ 59972.93 lakhs – CHLD income of ₹ 1171.46 lakhs – Royalty income (50%) of ₹ 147.45 = ₹ 58654.02 lakhs which has been taken in Cost Statements (Form 3A). Since the CHLD income for the years 2010-11 to 2012-13 have not been considered, there is no question of mismatch for these years.
(2).	A copy each of the Administration Report for the year 2009-10, R.E. 2010-11 and B.E. 2011-12 may be furnished. Clarify whether the estimates for 2010-11 to 2012-13 are based on RE 2010-11 and BE 2011-12. If so, each items estimated in RE 2010-11 and BE 2011-12 may be reconciled with the estimates in the cost statement.	Copy of Administration report for the year 2009-10 and RE 2010-11 & BE 2011-12 are under compilation at the time of submission of this proposal and hence could not be furnished. The estimates for 2010-11 to 2012-13 are not based on RE 2010-11 and BE 2011-12. However, the estimates considered in the cost statements is as per the annual escalation factor of 3.76% communicated by the TAMP on the expenditure other than salaries. The Salaries & Wages have been estimated as per revised pay & allowances of Port & Dock employees and officers. Since the Administration Report for the year 2009-10 and Revenue Budget Proposals for RE 2010-11 and BE 2011-12 have been prepared now and approved by the Board on 29-10-2010, the same are enclosed as desired.
(3).	**Form 1 - Highlights of the proposal**:	
	(i). The VPT may consider to include the benchmarks of productivity level as a conditionality governing the respective tariff items in the proposed Scale of Rates.	Refer to the remarks furnished above for point 3 (General).
	(ii). The working of the annual financial implication of the tariff proposal submitted in table 7 may be furnished. The financial impact from the vessel related charges is estimated as nil for all the years under consideration. Please furnish the revenue impact analysis of the	The VPT has furnished detailed workings of the financial impact on cargo related charges as well as vessel related in view of modifications proposed in the rates. A summary thereof is given below:

rationalisation proposed by the port for each of the vessel related tariff items in support of its claim.

The details furnished in this form reflect reduction in revenue in the past period 2007-08 to 2009-10. It is not clear how the tariff proposed for next three years will have impact on the revenue earned in the past years 2007-08 to 2009-10.

A. Cargo related charges (Wharfage charges):

(**₹ in lakhs**)

Particulars	2010-11	2011-12	2012-13
A. Crude/ POL			
(i). Crude (Existing – 67.74, Proposed – 39.00)	(-)3388.92	(-)4193.30	(-)4193.30
(ii). POL products (Existing – 67.74, Proposed – 57.72)	(-)571.14	(-)561.12	(-)641.28
Sub-total A	**(-)3960.06**	**(-)4754.42**	**(-)4834.58**
B. Iron Ore			
(i). Iron ore (Existing – 13.50, Proposed – 26.20)	+ 381.00	+ 381.00	+ 381.00
(ii). Iron ore – Mechanised (Existing – 95.00, Proposed – 110.00)	+ 2280.00	+ 2280.00	+ 2280.00
(iii). Iron ore concession – Trade Policy (Existing – 95.00, Proposed – 88.23)	(-)430	(-)430	(-)430
(iv). Iron ore slurry (Existing – 62.70, Proposed – 57.38)	(-)289.20	(-)289.20	(-)289.20
Sub-total B	**+ 1941.80**	**+ 1941.80**	**+ 1941.80**
C. Residual Concession as per Trade policy on coking coal, thermal coal, fertiliser, alumina, BF slag, Bauxite ore, limestone	(-)578.00	(-)578.00	(-)578.00

B. Impact of rationalisation in vessel related charges:

Tariff item	Additional income estimated per annum (₹ in lakhs)
(i). Port dues	+ 327.49
(ii). Pilotage	+ 1634.96
(iii). Berth hire	+ 4830.54
Total	**6792.99**

The reduction in revenue in the past period 2007-08 to 2009-10 is due to concession extended on Crude Oil over notified rates i.e., from ₹ 67.74 to ₹ 39.00 per ton, w.e.f. 1.4.2007 on mutual agreement with M/s.HPCL for setting up of SPM. Hence, the reduction in revenue in past years.

(4). **Form 2A – Traffic Projections**

(i). (a). A copy of the five year plan / annual plan fixed by the Ministry of Shipping for the VPT may be furnished. Traffic projections contained in the Business Plan of the Port may also be furnished. Traffic projections with and without the Volumes to be handled by the BOT operators may be furnished.

(a). The traffic projections as per 11th five year plan working group (March 2007) for Visakhapatnam Port covers the period from 2008-2012. The projections for 2010-11 and 2011-12 are given below:

(**in million tonnes**)

CARGO	2010-11	2011-12	2012-13
POL	19.00	24.00	--
IRON ORE/ PELLETS	17.00	17.30	--
COAL	12.00	12.00	--
CONTAINER	6.00	7.20	--
OTHERS	19.90	21.70	--
TOTAL	**73.90**	**82.20**	--

(b). Commodity –wise traffic projection as per Business Plan (Feb 2007) of Visakhapatnam Port is as follows:

(**in million tonnes**)

CARGO	2010-11	2011-12	2012-13
POL	20.20	22.50	26.00
IRON ORE/ PELLETS	20.00	20.00	23.00
COAL	10.70	11.20	11.80
CONTAINER	2.90	3.50	4.00
OTHERS	19.00	20.80	24.90
TOTAL	**72.80**	**78.00**	**89.70**

(c). The commodity-wise traffic projection by VPT is as follows:

(**in million tonnes**)

CARGO	2010-11	2011-12	2012-13
POL	18.00	18.10	18.90
IRON ORE/ PELLETS	18.00	18.00	18.70
COAL	14.50	15.30	15.70
CONTAINER	1.80	2.00	2.20
OTHERS	13.19	16.70	21.85
TOTAL	**65.49**	**70.10**	**77.35**

(d). Traffic projections to be handled by BOT Operators are as follows:

(**in million tonnes**)

B O T Operator	2010-11	2011-12	2012-13
VCTPL	1.80	2.00	2.20
VSP Limited	6.50	6.60	7.00
Sterlite – GCB Mech			8.59
M/s.ABG – WQ6			0.50
M/s.IMC – EQ10			0.99
WQ7 & 8			5.40

*** Traffic Projections include projections to be handled by BOT Operator also.**

(b). The VPT may confirm whether the traffic estimates are in line in accordance with the five year plan / annual plan and the business plan of the port. The reasons for deviation, if any, in the traffic estimation considered in the cost statement from the projections made in the five year plan / annual plan/ business plan need to be explained along with the basis of traffic estimation for the years 2010-11 to 2012-13.

The traffic projections compiled by the Port are based on the latest indications of major users for Principal cargoes. In respect of other cargoes the projections are worked out basing on the trend.

(ii). The overall traffic of the port for the year 2010-11 is estimated to reduce by 0.4% over the actual traffic handled in the year 2009-10. The port has estimated 0.7% reduction in the iron ore traffic, 11.5% reduction in coal traffic and around 1.6% reduction in the POL traffic. The reasons for the proposed reduction in the traffic estimates for these cargo items in the year 2010-11 may in explained.

The overall traffic of the Port for the year 2010-11 is estimated to reduce marginally by 0.02% over the actual traffic handled in the year 2009-10. The projected traffic for 2010-11 as against the actuals during 2009-10 are as under:

(**in lakh tonnes**)

Commodity	Actual traffic 2009-10	Projected traffic 2010-11	Variation	% reduction over 2009-10 traffic
Iron ore	181.08	180.00	1.08	(-) 0.60%
Coal	155.21	141.50	13.71	(-)8.83%
POL	182.90	180.00	2.90	(-) 1.59%
Other cargo	135.82	153.40	17.58	(+)12.94%
Total	655.01	654.90	0.11	(-)0.02%

<table>
<tr><td></td><td></td><td>The projected traffic for 2010-11 in respect of Iron ore, POL and Coal was less than actual of 2009-10 as per the indications of the users. Also, 2 Nos. of berths were decommissioned for strengthening in the year 2009-10 and expected to be operation by 7-12-2010. Another 3 Nos. of berths are have been taken up for strengthening in 2010-11 and 2011-12 i.e., EQ6 on 5-10-2010 and WQ2 & 3 after 7-12-2010 and will be made operational after a period of 12 months.</td></tr>
<tr><td></td><td>(iii). The actual cargo exclusively handled by the VPT and the traffic handled by the two BOT operators for the first five months of the financial year 2010-11 (i.e. till August 2010) may be furnished.</td><td>The actual cargo handled by the BOT operators viz. M/s.Vizag Sea port Private Limited and M/s.Visakha Container Terminal Private Limited during Year 2010-11 during the last five and six months are as follows:

(in lakh tonnes)
<table>
<tr><th>Sl. No.</th><th>BOT Operator</th><th>Traffic 2010-11 (upto Aug 10)</th><th>Traffic 2010-11 (upto Sept 10)</th></tr>
<tr><td>1</td><td>M/s VSPL</td><td>27.35</td><td>31.87</td></tr>
<tr><td>2</td><td>M/s VCTPL</td><td>9.37</td><td>11.46</td></tr>
<tr><td colspan="2">Total BOT Traffic</td><td>36.72</td><td>43.33</td></tr>
<tr><td colspan="2">Total Traffic with BOT Berths</td><td>270.08</td><td>325.44</td></tr>
<tr><td colspan="2">Total Traffic without BOT Berths</td><td>233.36</td><td>282.11</td></tr>
</table></td></tr>
<tr><td></td><td>(iv). Explain the reason for not anticipating any growth in the traffic of iron ore and POL cargo in the year 2011-12 over the estimates of 2010-11.</td><td>Estimated traffic of Iron ore and POL in years 2010-11 and 2011-12 are:

(in lakh tonnes)
<table>
<tr><th>Cargo</th><th>2010-11</th><th>2011-12</th><th>% variation over estimate for 2010-11</th></tr>
<tr><td>Iron Ore</td><td>180.00</td><td>180.00</td><td>0.00%</td></tr>
<tr><td>POL</td><td>180.00</td><td>181.00</td><td>(+) 0.56%</td></tr>
<tr><td>Other cargo</td><td>294.90</td><td>340.00</td><td>(+) 15.29</td></tr>
<tr><td>Total</td><td>654.90</td><td>701.00</td><td>(+) 7.03%</td></tr>
</table>

The port anticipates 0.56% growth in POL and iron ore traffic is expected the same level of 2010-11.</td></tr>
<tr><td></td><td>(v). The basis on which traffic estimation of the BOT operators viz. Vizag Seaport Limited and Visakha Container Terminal Limited are considered for the years 2010-11 to 2012-13 may be explained. The traffic estimation of VCTPL in terms of equivalent TEUs may also be indicated separately.</td><td>Traffic Estimation of the BOT operators.

(in lakh tonnes)
<table>
<tr><th rowspan="2">Year</th><th rowspan="2">M/s VSPL Quantity</th><th colspan="2">M/s VCTPL</th><th rowspan="2">Basis for estimation</th></tr>
<tr><th>Quantity</th><th>No. of TEUs</th></tr>
<tr><td>2010-11</td><td>65.00</td><td>18.00</td><td>123,400</td><td rowspan="3">As per the indications given by the BOT operators</td></tr>
<tr><td>2011-12</td><td>66.00</td><td>20.00</td><td>135,000</td></tr>
<tr><td>2012-13</td><td>70.00</td><td>22.00</td><td>150,000</td></tr>
</table></td></tr>
<tr><td></td><td>(vi). The designed capacity of the port furnished in Sl. No. III of form 2A for the past period 2006-07 to 2009-10 as well for the years 2010-11 to 20012-13 is different from the designed capacity furnished in its original proposal dated 26 May 2009. Kindly furnish workings of the designed capacity of the port arrived for the years 2006-07 to 2009-10 and estimated designed capacity for the years 2010-11 to 2012-13 considering the capital investment proposed to be made during these years and the productivity improvements expected to achieve.</td><td>Capacity furnished at Sl. No. III in form 2A for the years 2007-08, 2008-09 and 2009-10 (provisional) is as per the capacities approved by the Ministry for the respective years (Copies enclosed). It has furnished the capacity as on 31 March 2010 and year-wise additions to the capacity for various projects as given by them vide letter dated 24 November 2010 and hence not reiterated here.</td></tr>
<tr><td>(5).</td><td>Form 2B - Income Estimation:</td><td></td></tr>
<tr><td></td><td>(i). The income from dry docking reported in the Annual Accounts is ₹ 254.11 lakhs and ₹ 178.34 lakhs for the years 2008-09 and 2009-10 respectively whereas in form 2B, Sl. No. B(iv), it is shown as ₹ 55.35 lakhs and ₹ 64.77</td><td>The income from dry docking reported in the Annual Accounts is the total income from ORS Dry dock and Fishing harbour Dry dock and Slipway Facility at Fishing Harbour. In form 2B,</td></tr>
</table>

<table>
<tr><td></td><td>lakhs. Further, the income from port dues, pilotage and berth hire furnished in the Form 2B also do not match with the income reported in the Annual Accounts for the three years. The variation may be reconciled for each items.</td><td>Sl.No. B(IV), the figures furnished are in respect of ORS dry dock only i.e., excluding fishing harbour dry dock & slipway.</td></tr>
<tr><td></td><td>(ii). (a). The Authority has already fixed upfront tariff with reference to the eight proposals filed by the VPT for various cargo handling facilities envisaged by to be developed under PPP basis and one proposal relating to upfront tariff fixation for iron ore terminal is in the pipeline. The VPT is requested to furnish the details of the traffic, revenue share, income estimated from the projects already commissioned or likely to be commissioned in the tariff cycle under review.</td><td>Though the upfront tariff for 8 proposals was finalized, only 3 PPP projects were finalized. However, estimated royalty income was considered for 5 BOT projects which are estimated to commence operations during the year 2012-13. Hence estimated royalty income for the following 5 BOT berths included in the operating income of the VPT. A detailed statement of the same is furnished below:
<table>
<tr><th>PPP berth / Operator</th><th>Traffic in lakh tons</th><th>% of royalty</th><th>Royalty revenue ₹ in lakhs</th><th></th></tr>
<tr><td>M/S VCTPL</td><td>22.00</td><td></td><td>142.00</td><td>Existing BOT Operator</td></tr>
<tr><td>M/S VSPl</td><td>65.90</td><td></td><td>336.18</td><td>Existing BOT Operator</td></tr>
<tr><td>GCB – M/s.Sterilite</td><td>85.90</td><td>38.10</td><td>5008.85</td><td>%ge of royalty as quoted</td></tr>
<tr><td>WQ-7</td><td>30.60</td><td>15.00</td><td>597.47</td><td>Royalty %ge - Estimated</td></tr>
<tr><td>WQ-8</td><td>23.40</td><td>15.00</td><td>511.10</td><td>Royalty %ge - Estimated</td></tr>
<tr><td>WQ-6 M/s.ABG infra</td><td>5.00</td><td>47.17</td><td>376.90</td><td>%ge of royalty as quoted</td></tr>
<tr><td>EQ-10 M/s.IMC ltd</td><td>9.90</td><td>19.08</td><td>142.50</td><td>%ge of royalty as quoted</td></tr>
<tr><td>Total</td><td>242.70</td><td></td><td>7115.00</td><td></td></tr>
</table>
50% of the above Royalty Income has been considered as Port Revenues in Form 2 B – Income Projections as well as in Form 9 – Royalty Income</td></tr>
<tr><td></td><td>(b). No lease rental is charged on the operational area under VPT's operations. For the various PPP projects, however, the VPT proposes to allot land to the successful operator and collect lease rental. The income anticipated from such allotments of land made or to be made by the port to PPP operators on BOT basis in this tariff cycle may be indicated for each project alongwith detailed working and its treatment in the cost statement may also be explained.</td><td>Regarding lease rentals from BOT operators, it is to state that, though required back up area were identified for each project, till date no land lease agreements were entered by BOT operators. Considering that the said allotments will be made during the year 2012-13, the Lease rentals receivable from PPP operators is furnished as under:
(₹ in lakhs)
<table>
<tr><th>BOT Berth</th><th>Land lease rentals P.A.</th></tr>
<tr><td>GCB – M/s. Sterilite</td><td>242.00</td></tr>
<tr><td>WQ-7</td><td>353.00</td></tr>
<tr><td>WQ-8</td><td>106.00</td></tr>
<tr><td>WQ-6 M/s. ABG infra</td><td>62.00</td></tr>
<tr><td>EQ-10 M/s.IMC ltd</td><td>34.00</td></tr>
</table>
The above said lease rental income has not been factored in the cost statements. Since the said income will reflect in Estate activity, the tariff revision proposed may not be effected.</td></tr>
<tr><td></td><td>(iii). The income from fertiliser handling (both raw material and finished) is estimated to increase by 33% in the year 2010-11, when the fertiliser traffic (raw material) is estimated to increase by around 3% and finished fertiliser by 12%. The same trend is observed in the subsequent two years also. The VPT may examine and review the estimates, if found necessary.</td><td>The traffic projections in form 2A and wharfage estimation on Fertilizers in form 2B are furnished below:
<table>
<tr><th></th><th colspan="2">Traffic projection</th><th></th><th colspan="2">Revenue projection</th><th></th></tr>
<tr><th>Cargo</th><th>2009-10</th><th>2010-11</th><th>% increase</th><th>2009-10</th><th>2010-11</th><th>% increase</th></tr>
<tr><td>Finsihed Fertilizer</td><td>28.21 lakh tones</td><td>31.50 lakh tonnes</td><td>11.66 %</td><td>30 lakh tones @ ₹ 27.50 = ₹ 825.00 lakhs</td><td>40 lakh tones @ ₹ 27.50 = ₹ 1100.00 lakhs</td><td>33.33%</td></tr>
<tr><td>Raw Fertilizer</td><td>7.75 lakh tones</td><td>8.00 lakh tonnes</td><td>3.00%</td><td>6lakh tones @ ₹ 26.50 = ₹ 159.00 lakhs</td><td>8 lakh tones @ ₹ 26.50 = ₹ 212.00 lakhs</td><td>33.33%</td></tr>
</table>
Thus, there is a discrepancy in income projections on fertilizer & fertilizer raw materials, which are to be corrected.</td></tr>
</table>

<table>
<tr><td></td><td>(iv). The reasons for maintaining status quo in the storage income for the years 2011-12 and 2012-13 may be explained when the traffic is estimated to increase by 7.5% and 11.5% respectively in these two years.</td><td>Increase in traffic does not result in increase in storage revenue as there is no additional stacking space available. Hence status quo in the storage income is maintained. Storage charges are collected on area basis and not on tonnage basis.</td></tr>
<tr><td></td><td>(v). The overall estimated traffic is scaled down by 0.4% in the year 2010-11 whereas the overall cargo handling income shows a reduction of 1.3% to 1.6%. The reasons for such variation in the income estimation vis-à-vis the traffic projection may be explained.</td><td>The drop in revenue estimated is mainly due to drop in tippling income on iron ore fines which is anticipated to be received through slurry pipeline by M/s.Essar as indications are available that the pipe line will be restored in near future.</td></tr>
<tr><td></td><td>(vi). The vessel traffic is estimated to increase by 10% in the year 2010-11, and 24% in the year 2011-12. Whereas the income from port dues is estimated to increase by 1% and 17% in the first two years, the income from pilotage shows a drop of 1.23% in 2010-11 and increase of 15.4% in 2012-13 and the income from berth hire is estimated to increase by 2.6% and 9.2% in the two years 2010-11 and 2011-12. The berth hire income for the year 2012-13 is estimated to reduce by 10.76% over the estimates of the respective previous year though the vessel traffic shows 2.86% increase in this year.

The reasons why the increase in income from vessel related items is not proportionate to the vessel traffic projections for each of the years may please be explained.</td><td>The percentage of variations in vessel traffic and its revenue mentioned are not matching with the variations observed in the figures furnished in the cost statements. However, it is to state that the percentage of variation in revenues may not be in consonance of variation in vessel traffic due to variations in the composition of vessels which have different ranges of GRT and different tariff charges. For instance, the rate for port dues in respect of Iron ore vessels is US$ 0.178 per GRT while that of General Cargo Vessels is US$ 0.251. The rate of variation in revenue will differ with the variation in vessel traffic of respective cargo vessels. It is also to mention that GCB berth has been decommissioned recently and handed over to M/s.Sterlite for taking up mechanization facilities which is also an important factor for decrease in vessels related income.</td></tr>
<tr><td></td><td>(vii). As regards POL cargo, the VPT has stated that concessional rate was levied by the port since April 2007. In this regard, the following information may be furnished:</td><td></td></tr>
<tr><td></td><td>(a). Consequential effect of such concessions granted on growth of traffic and impact of such reduction on the revenue may be analysed and furnished for the years 2007-08 to 2009-10 and 2010 -11 upto August 2010.</td><td>Consequential effect of concession granted for Crude Oil and impact of such reduction on the revenue from 2007-08 to 2010-11 and up to August 2010.

CRUDE OIL IMPORTS:

<table>
<tr><th>Year</th><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>upto Aug</th><th>2010-11</th></tr>
<tr><td>Tonnage</td><td>95.34</td><td>91.44</td><td>88.86</td><td>30.55</td><td>93.00</td></tr>
<tr><td>Wharfage as per SOR rate per tonne</td><td>67.74</td><td>67.74</td><td>67.74</td><td>67.74</td><td>67.74</td></tr>
<tr><td>Concessional Wharfage rate per tonne offered</td><td>39.00</td><td>39.00</td><td>39.00</td><td>39.00</td><td>39.00</td></tr>
<tr><td>Concessional Wharfage rate per tonne at SPM</td><td></td><td></td><td></td><td></td><td>17.00</td></tr>
<tr><td>Wharfage revenue as per SOR rate</td><td>6458.33</td><td>6194.15</td><td>6019.38</td><td>2069.45</td><td>6299.82</td></tr>
<tr><td>Wharfage after rebate i.e. @ ₹ 39/- per tonne</td><td>3718.26</td><td>3566.16</td><td>3465.54</td><td>1191.45</td><td>*2910.90</td></tr>
<tr><td>Impact</td><td>2740.07</td><td>2627.99</td><td>2553.84</td><td>878.00</td><td>3388.92</td></tr>
</table>

* SPM facility at VPT is expected to commission during the month of Dec. 2010. As per agreement entered with HPCL, after commissioning of SPM, the Crude oil will be handled at SPM and OSTT in 70:30 ratio. The wharfage rate applicable for the Crude handled</td></tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td>at SPM is ₹ 17/- per tonne and OSTT is ₹ 39/-. The following is the detailed calculation of wharfage after rebate for the year 2010-11.

<table>
<tr><th>Description</th><th>Tonnage in LT</th><th>Wharfage rate</th><th>Revenue after rebate</th></tr>
<tr><td>Crude Oil at SPM</td><td>32.55</td><td>17.00</td><td>553.35</td></tr>
<tr><td>Crude oil at OSTT</td><td>60.45</td><td>39.00</td><td>20357.55</td></tr>
<tr><td></td><td></td><td>TOTAL</td><td>2910.90</td></tr>
</table>
</td>
</tr>
<tr>
<td></td>
<td>(b). Confirm that the income estimates for the years 2010-11 to 2012-13 are based on the existing rates approved by the TAMP in respect of POL as well as all the cargo items for the next three years under review.</td>
<td>(b). The income estimates at existing tariff for the years 2010-11 to 2012-13 are prepared based on existing rates approved by TAMP except for Crude oil for which concession was agreed up on from 1.4.2007. However, estimated income for projected years from 2010-11 to 2012-13 are furnished as per proposed SOR duly considering the revisions proposed.</td>
</tr>
<tr>
<td></td>
<td>(viii). The income from fishing harbour at the existing tariff is estimated to increase from ₹ 362.64 lakhs reported in 2009-10 to ₹ 558.92 lakhs in 2010-11 i.e. 54% increase. Please clarify whether 54% increase estimated in the income is in line with the increase in traffic and utilisation anticipated in this activity.</td>
<td>The income on fishing harbour for the years 2010-11 to 2012-13 have been over estimated erroneously due to some calculation errors. However, there are no proposals for revision of fishing harbour tariff has been envisaged in this proposal, the same may be ignored.</td>
</tr>
<tr>
<td></td>
<td>(ix). Note 3 to Form 2B of the prescribed format for tariff proposal adopted by this Authority requires the major ports to provide detailed computation of income with reference to the estimated traffic. However, no such computation has been furnished by port. Please furnish detailed computation of income with reference to the estimated traffic at the existing Scale of Rates and the proposed Scale of Rates for all the years under consideration separately for each of the activities and sub-activities.</td>
<td>The income computation statements have been enclosed as desired.</td>
</tr>
<tr>
<td>(6).</td>
<td>(i). The cost statement relating to the railway activity shows deficit in the existing arrangement, for all the years under consideration. In this context, please furnish the following:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a). Steps taken to make the railway activity self-reliant.</td>
<td>A proposal for upward revision of railway tariff by 9.90% has been submitted to Railway Board. Effective measures to improve efficiency paramaters and reduction in manpower are being contemplated.</td>
</tr>
<tr>
<td></td>
<td>(b). Efforts made to review and revise the terminal charges with the approval of Railway Board.</td>
<td>As per practice in vogue, Railway Board revises the Siding and Haulage charges every year based on the per tonne kilometer rate and Terminal charges are revised once in two years. As such, on continuous pursuance of VPT, the rate of Siding and Haulage charges were revised and the following are the details of rates approved by the Railway Ministry.

<table>
<tr><th>Description</th><th>2009-10</th><th>Proposed (2010-11)</th></tr>
<tr><td>Siding charges (8 wheeler wagon)</td><td>810</td><td>890</td></tr>
<tr><td>Haulage Charges (8 wheeler wagon)</td><td>1125</td><td>1236</td></tr>
<tr><td>Terminal Charges (2009-2011) per tone once in two years</td><td>14.87</td><td>14.87</td></tr>
</table>
</td>
</tr>
<tr>
<td></td>
<td>(c). The necessity for the other port charges to cross-subsidise this activity.</td>
<td>VPT has not proposed for cross subsidization of railway activity deficit with other activities.</td>
</tr>
</table>

<table>
<tr>
<td></td>
<td>(ii). The railway and the estate activities show an average deficit of almost 48% and 22% respectively as per the cost statement furnished by the VPT. Why should cargo and vessel related activity subside estate activity?

The Authority has always held that port estate should be optimally and commercially exploited so that estate revenue can supplement the port's core functioning. The revised tariff guidelines of 2005 also recognise this position. Please furnish a separate consolidated cost statement excluding Railway and Estate activity.</td>
<td>Similarly, VPT has also not proposed for cross subsidization of estate activity deficit with other activities. The cost statements for Railway and Estate activities have been prepared separately and submitted vide Form 5-C and 5-D as prescribed by TAMP and the cost statements for Cargo related and Vessel related activities are also exclusively prepared and no cross subsidization is envisaged.</td>
</tr>
<tr>
<td></td>
<td>(iii). The lease rental last approved by the Authority was for the quinquennium 2003-08. The estate rentals are due for revision since 2008. While considering the estimation of lease rental in the various upfront tariff cases approved by the Authority, the port has been alerted that its proposal for revision of estate rental is due for revision. The VPT has, however, not filed its proposal for revision of lease rental.

It may be relevant here to highlight that the Authority vide Order No.TAMP/41/2005-VPT dated 22 April 2008 has provisionally approved the lease rental of the and had advised the port to file a suitable proposal after assessing the basic value of the land is to be assessed under all the methods prescribed in the Government guidelines of March 2004 and derive the estate rental based on the rate beneficial to the port. The proposal of the VPT in this regard is awaited despite follow up. The port may immediately file the proposals for revision of lease rentals following the Government guidelines issued in this regard and adhered to our advice rendered in the April 2008 Order. The additional revenue anticipated from revision in the estate activity may be indicated.</td>
<td>Since the quinquennial valuations and basic valuations for VPT lands in different zones are yet to be finalized by District Revenue Authorities, the proposal for revision lease rentals could not be submitted. The same will be furnished as soon as the said valuations by DRA are received.</td>
</tr>
<tr>
<td>(7).</td>
<td>Royalty/ Revenue Share receipts:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i). Creation of maintenance of a separate escrow account for revenue share / royalty receipt is mandated by the Government policy as per clause 2.8.3. of the tariff guidelines. In para 12(iv) of the last tariff revision Order, the VPT was advised to furnish the Escrow Account at the end of the financial year 2008-09 to enable this Authority to review the position of the receipts and utilisation made from this Escrow Account. The VPT has not furnished the Escrow Account. The Annual Accounts of the port for the years 2008-09 and 2009-10 and even for the past years do not show separate account created for this purpose. The VPT is requested to clarify the reasons for non-maintenance of separate escrow accounts as per the provisions in the tariff guidelines.</td>
<td>The details for royalties received from BOT operators and amounts deposited in Escrow specifically opened for this purpose with State Bank of India have been furnished in Form No.9 of Tariff filing forms submitted to TAMP. An escrow a/c specifically for this purpose is being maintained with SBI Main Br., VPT which has been shown Schedule 2.3 of Annual Accounts under Cash & Bank Balances.</td>
</tr>
<tr>
<td></td>
<td>(ii). Furnish the year-wise revenue share receipts from the two BOT operators since 2005-06, receipts transferred to escrow account and the utilisation, if any, made from the Escrow Account for creation and / or modernisation of the port infrastructure facilities.</td>
<td>The royalty income received from the BOT operators from 2005-06 to 2009-10 are furnished here under:

<table>
<tr><th>Year</th><th>Royalty receipts</th><th>Amt. Transferred to Escrow A/c. with SBI</th><th>Amount Utilized</th></tr>
<tr><td>2005-06</td><td>97.76</td><td>0</td><td>0</td></tr>
<tr><td>2006-07</td><td>141.00</td><td>142.79</td><td>0</td></tr>
<tr><td>2007-08</td><td>243.67</td><td>33.64</td><td>0</td></tr>
<tr><td>2008-09</td><td>294.91</td><td>245.95</td><td>0</td></tr>
<tr><td>2009-10</td><td>375.85</td><td>30.09</td><td>0</td></tr>
<tr><td>TOTAL</td><td>1153.19</td><td>452.47</td><td>0</td></tr>
</table>
</td>
</tr>
</table>

(iii). As stated in our earlier query, revenue share anticipated from the new PPP projects envisaged to be commissioned in this tariff cycle may also be included and shown separately.

The revenue share anticipated new PPP projects envisaged to be commissioned in 2012-13 is furnished here under and the said royalty income has been taken into account in 2012-13.

PPP berth / Operator	% of royalty	Royalty revenue (₹ in lakhs)
VCTPL – existing operator		141.98
VSPL - existing operator	17.111	336.17
GCB – M/s. Sterilite	38.10	5008.85
WQ-7	15.00*	597.44
WQ-8	15.00*	511.08
WQ-6 M/s. ABG infra	47.17	376.90
EQ-10 M/s.IMC Ltd.	19.08	142.50

* Assumed

(iv). (a). In the last tariff Order, the entire revenue share receipts estimated from the two BOT operators for the years 2007-08 to 2009-10 were transferred to the Escrow Account. Whereas, in cost statement now furnished, 50% of the revenue share received from the VCTPL and VSPL is treated as part of the revenue and 50% is transferred to the Escrow Account. The reasons for adopting different approach from the last tariff Order may be explained.

(b). As per the tariff guidelines, the Port Trusts are required to utilise the funds from Escrow Account for the purpose of creation and / or modernisation of the port infrastructure facilities within a period of five years. Please show how the said guidelines has been complied with by the port trust and the treatment given in the cost statement in this regard may be explained.

Earlier VPT contemplated to utilize the entire amount of royalties received for the specified purposes and hence the same were proposed to transfer to the escrow account. However, VPT could not identify and utilize the funds available for the purpose of creation / modernization of port infrastructure facilities so far. It is now proposed to transfer only to an extent of 50% of royalty income received to Escrow account and the balance 50% was considered as revenue of the Port Trust.

(v). Berth hire income and the wharfage income relevant for estimating the revenue share in case of the another BOT operator viz. VSPL was estimated at ₹ 1757.19 lakhs for the year 2010-11 in the Order No.TAMP/9/2007-VSPL dated 27 March 2009. As against this, the VPT in form 9 has estimated revenue share from VSPL at ₹ 1681 lakhs for the year 2010-11. The basis adopted for estimating the income of VSPL for the purpose of the revenue share estimation may be explained. Please furnish detailed computation of revenue share estimation from VSPL.

VPT is not aware of the basis of estimation of revenue by VSPL. However, the estimation of revenues in respect of existing BOT operators i.e. VSPL and VCTPL is furnished here under:

Cargo related revenue of M/s.VSPL- Wharfage:

Cargo		Foreign	Coastal	Total	Wharfage rate	Wharfage revenue (₹ in lakhs)
IRON ORE	E	0.00	11.45	11.45	13.50	154.58
COKING COAL ETC		28.90	5.50	34.40	26.00	894.40
manganese ore		0.00	0.55	0.55	9.90	5.45
G.BLOCKS	E	0.10		0.10	37.00	3.70
STEAM COAL	E	6.20		6.20	26.00	161.20
TIMBER		0.00		0.00	35.00	0.00
Gypsum		9		9	40	360.00
SM ORE	E	1.40		1.40	28.00	39.20
I.SAND	E	0.00		0.00	11.50	0.00
LIME STONE		0.55		0.55	24.00	13.20
CEMENT CLINKER		0.00		0.00	17.00	0.00
BF SLAG	E	0.00		0.00	40.00	0.00
FRM		0.35		0.35	26.50	9.28
FF		0.00		0.00	27.50	0.00
FELD SPAR		0.00		0.00	16.50	0.00
OTHERS		1.00		1.00	40.00	40.00
		47.50	17.50	65.00		1681.00

Berth Hire Revenue:

	No. of Vessels	Avg GRT	Avg Stay	Rate per GRT Hr	US $ Rate	Berth Hire (₹ in lakhs)
Foreign	124	21702	47	0.00265	46.26	155.34
Coastal	22	21702	47	0.07000	46.26	15.67
						171.01
Total Revenue (₹ 1681.00 lakhs + ₹171.01 lakhs)						1852.01
Royalty Revenue @ 17.111% from M/s. VSPL						316.89
Royalty from M/s.VCTPL:		Traffic	No. of TEUs	Rate of royalty per TEU		
		18,00,000	1,16,161	₹ 100		116.16
Total Royalty Revenue from BOT Operators for 2010-11						433.05

<table>
<tr><td>(8).</td><td>Operating Expenditure:</td><td></td></tr>
<tr><td></td><td>(i). Though, the traffic for the year 2010-11 is estimated to reduce by 0.4% over the previous years actual traffic, the expenditure for the year 2010-11 under all the heads is estimated to increase. The expenditure on cargo handling and storage is estimated to increase by 7%, port and Dock facility by 20.9%, estates by 5.4%, Railways by 6.2%, and the management and general overheads is estimated to increase by 2.5% over the 2009-10 actuals. Further, the overall expenditure for the subsequent years 2011-12 and 2012-13 are also estimated to increase by 8% and 5.4% over the relevant previous years.

As already communicated by us vide our letter No.TAMP/27/2005-Misc. dated 18 May 2010, an escalation factor of 3.76% per annum will be considered for the expenditure projections in the cost statement.</td><td>The comparative position of expenditure considered in the cost statements are furnished.

It has submitted that increase in expenditure on account of salaries and wages is considered @ 7.10% based on the past experience considering annual increments of 3% and increase in D.A. points of 4.10%. The escalation factor of 3.76% advised by TAMP is found to be much lower to the actual increase being experienced.

In case of other types of expenditure i.e. expenditure excluding salaries and wages, VPT had considered increase @ 3.76% as advised by TAMP. However, the percentage of increase in case of Port & Dock Facilities shows a higher rate of increase due to provisions of ₹ 1800.00 lakhs in 2010-11 and ₹ 2700.00 lakhs made for deployment of 2 Nos. of Tugs on hire. In case of Cargo Handling & Storage, the R & M cost includes negative expenditure of ₹ 41.33 lakhs in 2009-10 on Floating Crane Bheema due to accountable of cenvat credit while the expenditure for 2010-11 projected with regular provision of ₹ 42.89 lakhs for the same craft. Hence, the difference between R&M cost for 2009-10 to 2010-11 shows an increase of ₹ 84.22 lakhs. The expenditure other than these variances, shows an increase of 3.76% only as advised by the TAMP.</td></tr>
<tr><td></td><td>(ii). (a). In the Form – 3B submitted by the Port, salaries and wages for the years 2008-09 and 2009-10 is shown as ₹ 8,699.78 lakhs and ₹ 11,837.14 lakhs respectively. On comparison with the Additional schedule to the Profit and Loss Account, it is seen that the salaries and wages for the port is ₹ 16,305.27 lakhs and ₹ 25,759.91 lakhs for the corresponding years.</td><td>The erstwhile DLB merged with VPT w.e.f. 26.9.2008. The figures shown in Additional Schedule to the Profit and Loss Account is total of expenses of CHD and VPT including expenditure of Management and General Administration. Whereas in Cost Statements, VPT considered only principal activity wise expenditure without MGA, Quarters and CHD expenditure. Hence, the difference. The reconciliation statement for the year 2008-09 in r/o salaries is furnished below:

<table>
<tr><td></td><td>2008-09</td></tr>
<tr><td>SALARIES & WAGES</td><td></td></tr>
<tr><td>Cargo Handling & Storage</td><td>2857.39</td></tr>
<tr><td>Port & Dock Facilities</td><td>3048.7</td></tr>
<tr><td>Railway Working</td><td>2431.08</td></tr>
<tr><td>Estate Rentals</td><td>362.61</td></tr>
<tr><td>Total</td><td>8699.78</td></tr>
<tr><td>Management & General Admn</td><td>6497.53</td></tr>
<tr><td>Salaries of CHD</td><td>884.41</td></tr>
<tr><td>Total Salaries & Wages</td><td>16081.72</td></tr>
<tr><td>Salaries on maintenance of quarters</td><td>223.55</td></tr>
<tr><td>Salaries & Wages as per Annual Report</td><td>16305.27</td></tr>
</table></td></tr>
<tr><td></td><td>(b). Like wise, the power cost in the Form – 3B submitted by the Port is shown as ₹ 1,587.82 lakhs and ₹ 1,474.37 lakhs for the year 2008-09 and 2009-10</td><td>The total expenditure has been reconciled. Further item-wise reconciliation statements may not be insisted upon please.</td></tr>
</table>

	respectively whereas in the Additional schedule to the Profit and Loss Account the electricity cost for the port is reported at ₹ 1,815.78 lakhs and ₹ 1,716.98 lakhs for the years 2008-09 and 2009-10 respectively.	
	(c). Actual insurance cost for the past three years is shown as nil in Sl. No. VII of Form 3B whereas the insurance cost reported is ₹ 0.96 lakhs in 2008-09 and ₹ 7.54 lakhs in 2009-10 in the Additional schedule to the Profit and Loss Account furnished in the Annual Accounts.	
	(d). The reasons for the variation in each of the head shown in the Form 3 B may be reconciled for each of the items reflected in the Annual Accounts.	
	(iii). **Salaries and Wages**:	
	(a). The National Tribunal Award of 2006 on manning scales has already been notified. Clause 2.6.2 of the tariff guidelines requires the port to regularly review and adjust the manning scales / datum. Please clarify whether the proposal of the VPT is based on the revised manning scales. If not, please modify the estimation of salary and wage cost based on the revised manning scales awarded by National Tribunal in 2006. (b). Furnish the existing manning scales for different services, the manning scale proposed to be followed by the VPT and cost thereon for the traffic estimation made during the years 2010-11 to 2012-13.	Manning Scales were implemented in VPT only with reference to CHLD workers for which tariff proposal for CHLD separately furnished to TAMP and Tugs, Dredgers & other Floating Crafts. On implementation of manning scales for floating crafts, it is found that there are 20 Nos. Lascar Gr.I, 2 Nos. Serang Gr.II and shortage of 2 Nos. Sr. Masters in Tugs & Floating Crafts Sections. The financial implication will be around 36.00 lakhs per annum. If this cost of surplus labour as per manning scales is excluded from the Towing, Berthing & Mooring activity, the deficit in Berthing will reduce from ₹ 4674.78 lakhs to ₹ 4638.78 lakhs. The same has been considered now, the upward revision of berthing charges were suitably reduced as advised by TAMP's Lr. No.TAMP/13/2009-VPT, dated 9-11-2010.
	(c). Despite estimating reduction in the work strength by 1.5% in the each of first two years i.e. 2010-11 and 2011-12, justify the reasons for estimating increase in the salaries and wage cost by around 7% for each of these two years.	Though there is reduction in work strength, the salaries and wages cost is estimated to increase due to annual increments and increase in D.A. points. It has furnished the quarterly increase of D.A. percentage from 1.4.2009 which shows that the average yearly increase in DA is 4.61% for the year 2009-10 and 4.68% for the year 2010-11 (last quarter based on approximate basis). The port has submitted that the combined effect of annual increments and DA is much above the percentage of increase proposed which will be offset the decrease in staff strength.
	(d). The VPT in the revised proposal has stated that provision for wage revision in respect of Class I and II Officers is considered at ₹ 3.50 crores from 2010-11 onwards. At the same time, the VPT has stated that the impact would be ₹ 11.60 crores per annum as per cafeteria approach. Please confirm the exact impact of wage revision and considered and where the same is reflected in the cost statement.	The officers wage revision was not finalized by the time the cost statements were prepared and hence VPT estimated the impact due to wage revision of officers would be around ₹ 3.50 crores. On finalization of the wage revision as well as cafeteria allowance @ 45% on basic pay, the impact is estimated to go up to ₹ 11.60 crores per annum. However, the proposal is based on the estimated impact of ₹ 3.50 crores per annum only.
	(e). Confirm the estimates for the year 2010-11 captures the impact of wage revision of Class III and IV. A brief summary of the impact of salary revision for class I to class IV considered in the cost statement may please be furnished.	Confirmed that estimated expenditure on salaries for the year 2010-11 is as per revised pay & allowances of Class III & IV employees.
	(f). In the last tariff revision Order, the Authority in para 12(viii) had considered 15% of the total salaries and wages cost towards wage revision from January 2007 onwards. The provision, if any, made for wage revision in	VPT made provisions for wage revision of ₹ 450.00 lakhs for 3 months in the year 2006-07, ₹ 1800.00 lakhs in 2007-08, ₹ 2400.00 lakhs in 2008-09 accounts pending finalization

	the Annual Accounts of 2007-08 to 2009-10 may be indicated and treatment given in the cost statement may also be stated.	of wage revision. An amount of ₹ 5289.00 lakhs has been actually paid in 2009-10 accounts after finalization of wage revision which includes arrears for ₹ 2594.27 lakhs up to period ending 31-3-2009. The wage arrears amount of ₹ 2594.27 lakhs for the period from 1-1-2007 to 31-3-2009 has been excluded in the cost statements.
	(iv). **Power and fuel Cost**: Clause 2.5.1. of the tariff guidelines stipulates that the expenditure projections should be in line with traffic projections and adjusted for price fluctuation. The consumption of power and the fuel generally vary with reference to the traffic growth. The power and fuel cost estimated by the VPT, however, does not seem to factor the traffic growth anticipated particularly in the years 2011-12 and 2012-13. VPT may review and confirm that the estimation of these items are correct.	The power & fuel cost, generally, are not susceptible for estimation since the traffic comprises of mix of bulk and break-bulk cargoes, receipt of iron by road / by slurry pipeline, variations in rail borne traffic, the deployment of tugs depends on size of the vessels and weather conditions etc as well as variations in power tariff / fuel rates. Therefore, the power and fuel cost were escalated at the advised rate of escalation.
	(v). Repairs and Maintenance cost:	
	(a). The repairs and maintenance cost is estimated to increase by 4.36% in the year 2010-11 and 3.76% in the each of the years 2011-12 and 2012-13. The basis for estimating the repairs and maintenance cost may be explained.	The R & M cost includes negative expenditure of ₹ 41.33 lakhs in 2009-10 on Floating Crane Bheema due to accountal of cenvat credit while the expenditure for 2010-11 is projected with regular provision of ₹ 42.89 lakhs for the same craft. Hence, the difference between R&M cost for 2009-10 to 2010-11 shows an increase of ₹ 84.22 lakhs. The expenditure other than the said variance shows the increase of 3.76% as advised by the TAMP.
	(b). Clarify whether the estimates captures the repairs and maintenance cost, if any, expected on the additions proposed to the gross block during the years 2010-11 to 2012-13.	The R & M expenses on the proposed additions to capital assets were not considered in the proposal.
	(vi). **Insurance cost**:	
	(a). The revised proposal of the VPT states no provision is made for insurance premium on capital assets. Clause 2.14 of the tariff guidelines also recommends the port to insure the port assets. It is further notable that the VPT during the last tariff revision had submitted that Secretary Shipping in the IPA meeting held on 15 October 2005 had advised all the ports to adequately insure the port assets. The reasons for not adhering to the advice rendered by Secretary (Shipping) and not complying the provisions in the tariff guidelines may please be explained.	The Insurance cost on assets is not considered in the present proposal since a proposal for insurance of port crafts is sent to Government for approval in view of the Ministry's directives vide Lr. No.PT-11033/7/2005-PT, dated 10-8-2006 (Copy enclosed) that ports shall specifically obtain prior approval of the Government before entering into any agreement with Insurance Companies. Such approval from the Ministry has not been given so far. It is also learnt that the approval for proposal for insurance of Port Assets by Chennai Port Trust sent on 22-5-2008 has also been not communicated (ChPT Lr. No.AO(Compilation)/2554/2005/F, dt. 8-7-2010 is enclosed). In view the above, the insurance cost has not been considered in this proposal.
	(b). The Scale of Rates in note (11) under general terms and conditions proposes to refund the cost of damage to the hirer on admittance of claim from the insurance company. The VPT may clarify how the proposed condition will operate if the port does not insure the relevant assets.	Since the insurance cost was not considered, no refund of cost of damages remitted by the hirer of the port equipment will be processed.
	(vii). **Other expenses**: The expenses in Sl. No.A.VIII (v) under head 'others expenses' in form 3B shows a steep increase of 93% i.e. from ₹ 2106.16 lakhs in the year 2009-10 to ₹ 4070.89 lakhs in the year 2010-11. 25% increase is further estimated in this item the next year 2011-12. Specific	The increase in other expenses at item No. A in the year 2010-11 over 2009-10 is due to provision of ₹ 1800.00 lakhs towards payment of tug hire charges for the proposed deployment of 2 Nos. private tugs on hire form Aug., 2010 to augment the tug power for the

<table>
<tr><td></td><td>reasons, if any, for such steep increase in this item may be given to justify the estimate. Please list out the items covered under this head of expenditure.</td><td>increased shipping movements. The increase in 2011-12 over 2010-11 is due to provision for payment of such tug hire charges for full year. The VPT has furnished copy of the work order issued by VPT in July 2010 for hire of two tugs.</td></tr>
<tr><td></td><td>(viii). Depreciation:
Furnish detailed working for the depreciation estimated for the years 2009-10 to 2012-13 indicating details of assets, rate of depreciation, method followed and life norms adopted as per Companies Act may be furnished</td><td>The details of assets likely to be added during the years 2009-10 to 2012-13 have already been furnished in Form 4 A. Also, it has been mentioned in the salient features of the proposal, it has been indicated that Depreciation has been worked out on straight line method as per the life norms prescribed by the Ministry. The depreciation as per Companies Act, 1956 will be much above the depreciation as is being provided by the Port as per Ministry's guidelines.</td></tr>
<tr><td>(9).</td><td>No correlation can be drawn of the expenditure estimated in form 3B and the expenditure allocated between the various activities and sub-activities. Please furnish basis for allocation of all expenses covered under operating Expenses, management and general overheads and depreciation and capital employed to the various activities and sub-activities alongwith detailed workings.</td><td>The reconciliation statement of the expenditure shown in Form 3 B and expenditure allocated to various activities are furnished. The formats prescribed by TAMP do not prescribe for showing expenditure on type wise viz., Salaries, Power, Fuel, R&M, Stores etc in respect of Railway and Estate activities and hence the expenditure for the same shown on sub-activity wise only. The basis of allocation or apportionment of various expenditure items are indicated below:

<table>
<tr><td>Description</td><td>Basis of allocation / apportionment</td></tr>
<tr><td>Operating Expenses other than expenditure on Quarters in Estate Activity</td><td>Allocation based on actual expenditure incurred on the cost centers relevant to the activities</td></tr>
<tr><td>Expenditure on Quarters</td><td>Apportionment based on the No. of employees working in each activity</td></tr>
<tr><td>Depreciation</td><td>Actual depreciation on the assets relevant to the activities</td></tr>
<tr><td>MGA Overheads</td><td>Basis of apportionment furnished against para 13 (i)</td></tr>
<tr><td>Capital Employed</td><td>Based on Net Assets of each activity</td></tr>
</table></td></tr>
<tr><td>(10).</td><td>Finance & Miscellaneous Income:</td><td></td></tr>
<tr><td></td><td>(i). Explain why the prior period income shows negative amount of ₹ 102.51 lakhs in the year 2008-09 in the cost statement which is not supported by figure in the Annual Accounts. The nature of income under this head may be explained.</td><td>The negative amount of ₹ 102.51 lakhs under Prior period income in FMI relates to year 2007-08 but not 2008-09 which also appears in Annual Accounts also. The said negative amount represents the income accounted for on accrual basis in earlier years but found not realizable due to certain disallowances which have been accepted by VPT and hence withdrawn.</td></tr>
<tr><td></td><td>(ii). Please furnish break up of the Finance and Miscellaneous Income shown in the cost statement for the years 2008-09 and 2009-10 reconciling with the items shown in the Annual Accounts and also furnish detailed break up of the FMI estimated for the years 2010-11 to 2012-13. Also, furnish basis for allocation of the said income to the various activities and sub-activities along with workings.</td><td>Break up details of FMI for the years 2008-09 to 2012-13 are furnished by VPT.</td></tr>
<tr><td>(11).</td><td>Finance & Miscellaneous Expenses:</td><td></td></tr>
<tr><td></td><td>(i). Furnish the break up of the figures captured under the head 'retirement benefits' and 'others' for the years 2006-07 to 2009-10 as well as estimates for the next three years 2010-11 to 2012-13.</td><td>The port has furnished the break up details of Retirement benefits & others under FME for the years 2006-07 to 2012-13.</td></tr>
</table>

	(ii). Justify specific reasons, if any, for estimating 11.5% increase in the retirement benefit expense in the year 2010-11 over the previous years though for the subsequent two years the annual escalation in this item is considered at 3.76%.	The retirement benefits in 2010-11 is anticipated to increase over 2009-10 due to revision of retirement benefits as per BWNC agreement which have been implemented in April, 2010.
	(iii). The statutory provision relating to and the basis of assessment of property tax may be explained. The basis of allocation of property tax to different activities/ such activities may be explained.	As per the Payment of Property Tax Act, VPT is required to pay property tax @ 4% of gross earnings. The property tax has been apportioned to the various activities on the basis of operating income.
	(iv). The retirement benefit furnished in the Form 3A stated to cover the contribution to the Pension Fund and Gratuity Fund does not match with contribution to these two funds reflected in form 3C. The difference may be reconciled. Further, annual contribution to the Pension Fund and Gratuity Fund shown in Form 3C also do not match with the annual contribution to these funds reported ion the Annual Accounts for the years 2007-08 to 2009-10 which may also be reconciled.	The details furnished in the Form 3C is the position as per annual financial statements of Pension Fund Trust account which include contribution from employees towards new pension scheme, interest on NPS investments etc. The figures furnished in Form 3A are as per annual financial statements of VPT. It has furnished copies of Pension Fund Trust Accounts.
	(v). The basis on which the pension liability has been estimated for the years 2010-11 to 2012-13 may be explained. It may be certified that this provision does not include any liability pertaining to the past and the estimated amount is based on actuarial valuation.	As per Rule-87 of IT Rules, 1962, the ordinary annual contribution by the employer to an approved Superannuation Fund shall not exceed 27% of the salaries for each year. Since, there is huge gap between the actuarial valuation of pension liability and the balance available in Pension Fund, VPT contributes annually 27% of the expenditure on salaries and pension. The same basis has been adopted for projections reflected in the cost statements. The above provision is applicable for annual contributions only. For contribution towards past service liability, it is governed by Rule-88 as an initial contribution towards past service liability. It is confirmed that no contribution under Rule-88 has been proposed for the purpose of Cost statements. The additional contribution made in the year 2007-08 towards past service liability has been excluded in the expenditure considered for cost statements.
	(vi). The Annual Accounts for the years 2007-08 to 2009-10 reflects bad debts write off and provision for bad and doubtful debts. The treatment given to this item in the cost statement may be explained. Estimates, if any, under this head considered for the next three years may be indicated separately. It may be noted that tariff fixing exercise will not recognize this provision as an admissible expenditure.	The amount of bad debts written off / provision for bad debts have been included in the head 'others" in F&M Expenditure. No such provision for bad debts has been considered in the estimates for 2010-11 to 2012-13. The amount of provisions made up to the year 2009-10 is negligible which have no substantial impact on the cost statements.
	(vii). The figures of the sub-heads under Finance & Miscellaneous Expenditure in the Cost statement do not match with the figures of the sub-heads under Finance & Miscellaneous Expenditure in the Annual Accounts. The VPT is requested to explain the difference.	The reconciliation statements has been furnished.
	(viii). During the last tariff revision the VPT had brought out that ex-gratia for VRS retirees incurred in the year 2004-05 has been amortised over the period of five years. In the cost statement considered by TAMP, this one time payment was excluded as per clause 2.5.2. of the tariff guidelines. The adjustments shown under Form 3A, however, does not show exclusion of ex-gratia on VRS reported in the Annual Accounts from the cost statement. Confirm whether this item is excluded from the cost statement for the past period as well as future period.	It is hereby confirmed that no arrears of wages were included in the cost statements as per clause 2.5.2 of the tariff guidelines. However, the amortized portion of VR ex-gratia amounts are included in F&M Expenditure in the cost statements.

	(ix). Confirm that other one time expenses such as arrears of wages/ pension, VRS compensation are not included under this head of expenditure in the cost statement as per clause 2.5.2. of the tariff guidelines.	
(12).	**Form 3C : Details of Fund position**:	
	(i). With reference to the Pension fund liability furnished by the VPT during the last tariff revision actuarial valuation as on 31 March 2005, the Authority in para 12(xviii) of the Order had adjusted the actual surplus assessed for the past period 2004-05 and 2005-06 and the surplus estimated for the years 2006-07 to 2008-09 was also considered for adjustment in meet the short fall. The port was specifically advised to maintain a separate account in this regard and furnish the details for scrutiny at the time of the next review. The Annual Accounts do not show any separate account of the Pension Fund. Please confirm compliance to the advice rendered in the last tariff Order. The port is requested to furnish the Pension fund / Gratuity Fund statement for each of the years 2006-07 to 2008-09, if any, separately maintained by the port to verify the figures furnished in Form 3C.	The TAMP's advise to maintain a separate accounts for Pension Fund has been complied with and hence the annual accounts of VPT do not contain any details of the same except the amount payable to the said trusts as a current liability. The copies of annual financial statements of Pension Fund Account have been enclosed.
	(ii). As per the details furnished in Form 3C, Pension fund liability and the gratuity fund liability as per the actuarial valuation is stated to be ₹ 133806 lakhs and ₹ 16650 lakhs as on 31 March 2010. A copy of the report of the actuarial valuation estimating the Pension Fund and the gratuity fund liability as of 31 March 2010 may be furnished in support of the figures estimated.	Copies of actuarial valuations of Pension Fund and Gratuity Fund liabilities made by LIC and SBI (Life) as on 31-3-2010 are furnished.
	(iii). Break up of actuarial valuation of Pension/gratuity Fund in respect of existing employees and the pensioners as of 31 March 2010 may also be furnished. Please indicate the steps proposed to be taken by the port to strengthen the pension/ gratuity fund.	The break-up details of pension liability in respect of existing employees and pensioners as on 31-3-2010 are available in the actuarial valuation report furnished above. Since any contributions towards past service liability are not being allowed as expenditure as per TAMP guidelines, the issue will be examined separately and a suitable proposal, if any, to levy special rate for a limited period in this regard will be sent at the appropriate time.
(13).	(i). The basis of apportionment of the FMI, Finance and Miscellaneous expenditure and management and general overheads to the main activities/sub activities may be explained. Also confirm, whether it is in line the General Instructions given in Form 4A of the draft revised cost formats. If not, the reasons for variations may be explained.	The basis of allocation/ apportionment of MGA, FME and FMI adopted in the cost statement has been furnished.
	(ii). The basis of allocation of the expenditure relating to staff quarters between the various activities may be explained.	Expenditure relating to Staff Quarters was allocated based on the number of employees engaged in principal activities.
(14).	**Capital employed**:	
	(i). Form 4A shows additions to the gross block estimated at ₹ 49.30 crores in 2010-11, ₹ 307.90 crores in 2011-12 and ₹ 317.42 lakhs in 2012-13. In this regard, the following may be clarified:	
	(a). Since almost half of the F.Y. 2010-11 is already over, the present status of the projects executed or under execution in this year may be furnished. Please furnish supporting documents in this regard. The additional traffic, capacity, anticipated reduction in the unit cost, if any, on account of the additions proposed in the year 2010-11 may be indicated and reckoned with in the cost statement also.	Details indicating status of completion, capacity anticipated, etc. for major capital works are furnished which has been tabulated in the earlier paragraphs. The other capital works are taken up to sustain performance.

<table>
<tr><td></td><td>(b). Please furnish the status of action initiated, copy of the work awarded and the present status of execution with reference each of the additions proposed to the gross block of assets in the years 2011-12 and 2012-13.</td><td></td></tr>
<tr><td></td><td>(c). Since the commissioning of OR1 and OR2 berth is proposed in the fag end of the tariff cycle i.e. March 2013, justify the need to include it in the current tariff cycle as it would have an impact on the tariff fixation exercise. Addition to the capacity, traffic and the income from the proposed investment considered in estimates / cost statements may be explicitly stated.</td><td>Since the work is anticipated to be completed in the year 2012-13, the same is to be capitalized during that year. However, the date of completion is only indicative. Since the draft technical feasibility report has since been received and the project may be taken up earlier than envisaged.</td></tr>
<tr><td></td><td>(d). The addition relating to construction of WQ1 and WQ 8 and strengthening of EQ 5 and EQ 6 furnished in form 4A shown at ₹ 5137 lakhs does not match with the estimate given in Form 4B for this item at ₹ 3137 lakhs. The correct position may be reported.</td><td>The item 9, strengthening of EQ 7, WQ4 & 5 (₹ 18.00 crores) and 10, Development & Strengthening of berths & jetties (₹ 33.37 crores) of Form 4-B are clubbed and shown in Form 4-A.</td></tr>
<tr><td></td><td>(ii). It may be confirmed that the capital outlay in the form of additions to the gross block of assets proposed for the years 2010-11 to 2012-13 is in line with five year plan envisaged by the Port.</td><td>The 11th Five Year Plan covers the period from 2008-12. The 12th Five year Plan is yet to be formulated.</td></tr>
<tr><td></td><td>(iii). The details furnished in Form 4B state that investment proposed on various items is expected to add to the capacity of the port or improve the productivity, etc. The Form 4B may be updated quantifying the additional traffic expected, improvement in productivity in absolute terms reduction in the unit cost, if any, and also show its effects in the cost statements.</td><td>Requisite details are furnished separately.</td></tr>
<tr><td></td><td>(iv). It may be confirmed that the entire proposed expenditure in each of the years will be capitalised in the books of accounts of the same year and also the assets worth the equal amount will be physically available for operation in the very same year. It may be noted that only completed and commissioned assets should alone be counted for capital employed. Work-in-progress shall not be taken into account. A confirmation in this regard may be furnished.</td><td>Confirmed that only completed assets as anticipated are considered for capital employed.</td></tr>
<tr><td></td><td>(v). The additions proposed to the gross block of assets show ₹ 4500 lakhs in the year 2012-13 towards replacement of stackers and ₹ 8320 lakhs in the year 2011-12 towards replacement of tractor tug Swarna and Netravathi. The port has, however, not considered any deletion of the existing equipment / facilities from the existing gross block for such assets. The VPT may review and modify the figures furnished in Form 4A in light of our above observation.

The effect of sale value receivable from disposal of the existing asset may also be recognised in the cost statement. Expected Improvement in the productivity in the unit cost may be quantified and reckoned in the cost statement.</td><td>Deletion of capital assets could be envisaged only after de-commissioning of assets with proper approval of the committee constituted for the purpose. Even though replacement of assets was contemplated for the existing assets, such assets may continue to be operational so long as it is in working condition. Hence, no deletion of assets could be contemplated in the cost statements. However, it is clarified that the assets which have outlived its useful life, will have WDV as Nil and hence will not have any impact on Capital Employed.</td></tr>
<tr><td></td><td>(vi). Form 4A does not show the capital assets which are proposed to be funded from the escrow Account balance. Clause 2.8.3 of the tariff guidelines require the major ports to utilise the funds available in the escrow account for the purpose of creation/ modernisation of port infrastructure facilities within the stipulated time period. The port may list out the Capex which will be funded from the balance available in the Escrow account in accordance with the provision prescribed in the tariff guidelines.</td><td>No funding of capital assets from the escrow account balance was done so far. However, during the current tariff cycle, VPT contemplates to take up the following road works for improving connectivity.
<table>
<tr><th>Name of the Work</th><th>Estimated value (₹ in lakhs)</th></tr>
<tr><td>Road from NMDC screening plant gate to H-6</td><td>46.00</td></tr>
<tr><td>Road from NMDC screening plant gate to FOB</td><td>54.00</td></tr>
<tr><td>Road from NMDC screening plant to west of FOB</td><td>100.40</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td></td><td>As per guidelines, the expenditure incurred on the said infrastructure facilities will not be considered as capital assets for the purpose of the Cost Statements.

Therefore, 50% of royalty income is treated as revenue of the port and considered in the cost statements.</td></tr>
<tr><td></td><td>(vii). The basis of allocation of the existing net fixed assets reported as on 31 March 2010 and additions, proposed to gross blockout assets to the various activities / sub-activities may be explained and shown in a tabular statement.</td><td>The net fixed assets reported as on 31.3.2010 and additions proposed to gross block assets to the various activities / sub activities has been furnished.</td></tr>
<tr><td></td><td>(viii). Please confirm that the assets, which are rendered surplus/ disposed off, are excluded from the capital employed for the purpose computing the ROCE.</td><td>VPT had not identified any assets rendered surplus. Hence it is confirmed that no assets rendered surplus or disposed off were included in the capital employed.</td></tr>
<tr><td></td><td>(ix). Capital assets should be segregated into business assets, business related assets and social obligation assets in respect of cargo handling and vessel related activity for the purpose of computation of ROCE. Confirm the basis of such segregation is in line with clause 2.9.8. of the tariff guidelines.</td><td>Confirmed that the segregation of assets into business assets, business related assets and social obligation assets is in line with the tariff guidelines.</td></tr>
<tr><td></td><td>(x). Working Capital:</td><td></td></tr>
<tr><td></td><td>(a). As per working capital norms prescribed in Clause 2.9.9 of the tariff guidelines, sundry debtors is to be estimated at 2 months estate revenue and 2 months railway terminal charges. Please confirm and show that the sundry debtors considered in form 4A complies with the tariff guidelines.</td><td>Sundry Debtors were considered in the cost statements as indicated below:
<table>
<tr><td>Cargo Related Charges</td><td>Nil</td><td>Since, most of the cargo related charges are collected in advance</td></tr>
<tr><td>Vessel Related Charges</td><td>½ month</td><td>As per experience, the sundry debtors will be ½ month's income since, there will be outstanding between provisional collections and final bills. Also the bills rendered on Navy Vessels are collected on post paid basis.</td></tr>
<tr><td>Estate Income</td><td>2 months</td><td>As per tariff guideline</td></tr>
<tr><td>Railway Terminal charges</td><td>2 months</td><td>As per tariff guideline</td></tr>
<tr><td>Railway Other Charges</td><td>1 month</td><td>As per experience</td></tr>
</table></td></tr>
<tr><td></td><td>(b). The actual inventory consumptions shown in the form 4A Sl.No. VIII (ii) for the year 2009-10 at ₹ 2021.10 lakhs does match with stores consumption reported at ₹ 1969.77 lakhs in the Annual Accounts of the year 2009-10. The difference may be reconciled. The basis of the estimates of stores consumption for the year 2010-11 to 2012-13 may be explained.</td><td>The figure of ₹ 2021.10 lakhs is the inventory balance considered as allowable while the figure of ₹ 1969.77 lakhs in annual accounts is the expenditure on operational stores viz., consumption of fuels & lubricants and the both the figures could not be compared. Since average consumption of stores & materials could not be assessed activity wise, the Inventory is considered @ 6 months consumption which is estimated to be 20% of direct expenditure other than depreciation in r/o I/Ore & POL handling activities and 10% in r/o other activities.</td></tr>
<tr><td></td><td>(c). Break up of Average stores consumption into capital spares, customized spares and other stores excluding fuel and customized spares may be furnished for the year 2009-10 based on actuals and estimates for the next three years.</td><td>No details of capital spares, customized spares and other stores are available.</td></tr>
</table>

	(d). Explain the basis of cash balance estimated in the working capital calculation and furnish a working in this regard.	The cash balances is estimated as per the tariff guidelines i.e., one month's expenditure other than depreciation. VPT has furnished detailed workings.
III.	**SCALE OF RATES:**	
(1).	**Section 1.1. – General Terms & Conditions**:	
	(i). The provision proposed at note 2 (iii) relating to the criteria for conversion of foreign going vessels to a coastal vessel and the rate applicable thereto is not found to be in line with the provisions approved vide Order No.TAMP/2/1997-MPT dated 2 June 1998 for common adoption of all major ports. The reason for modifying the existing provision may be explained.	For more rational application, this provision had been slightly modified and indicated in the proposal. In practicality, the correct date of conversion issued by the Customs or the D.G. Shipping must be the criteria rather than the time loading / unloading coastal goods. For technical and legal reasons, a vessel which is having a valid Coastal Conversion Order/ License cannot be charged foreign rates just because she has not started loading coastal goods or completed discharge of coastal goods. It is opined that for charging coastal or foreign rates, the status of the vessel from time and date must be the criteria.
	(ii). The new note proposed at sl. no. 5(vii) states that the vessels which are not meant of cargo transportation such as Dredgers, Floating cranes, Tugs, Survey Vessels, Bunker barges, Water barges, Offshore supply vessels and other crafts etc. operating in the ports for carrying out various miscellaneous activities shall not be treated as coastal vessels, despite having licenses issued by the competent authorities for the purpose of applying the provisions relating to coastal concessions. Explain the reasons for introducing the proposed rate and show that the proposed provision is in line with the Govt. Policy.	It is opined that the spirit of extending concession to the vessels involved in coastal movement of cargoes is to encourage coastal traffic. Since the vessels covered under this clause do not involve in costal movement of cargoes, this note is proposed not to give any concessions of coastal tariff to the crafts which are not involved in any coastal handling at this port. These are engaged in miscellaneous activities other than cargo handling. The rates notified in US$ are the normal rates that are to be charged to any vessel availing port services. It may not be the policy to charge higher rates to the vessels involved in foreign trade.
	(iii). The proposed provision at 6(i) and (ii) relating interest on delayed payments/refunds is left blank. The VPT may propose specific interest rate at 2% above the prevailing Prime Lending Rate of State Bank of India as per the tariff guidelines.	For interest on delayed payments / refunds, the specific interest rate i.e. prevailing Prime Lending Rate of State Bank of India is 12.50% w.e.f. 21.10.2010 plus 2% i.e. 14.50%.
(2).	In the revised draft SOR, the VPT has not proposed separate rates for coastal vessels but has proposed to introduce a note that for coastal vessel, 60% of the notified rates (i.e. for foreign – going vessel) shall be levied. Clause 6.1.2. of the tariff guidelines stipulate that vessel related charges for coastal vessel should be denominated in rupee terms. The VPT may, therefore, modify the SOR proposing separate concessional rate applicable for coastal vessels instead of the general note proposed by the port. Clause 6.1.2. of the tariff guidelines does not recommend restatement of coastal rates with reference to the prevailing exchange rate at the time of general revision which may be please be complied with.	VPT had considered dollar exchange rate as ₹ 46.26 for preparing cost statements for the present proposal. Since the basic rates of vessel related charges are revised, the equivalent concessional rates for coastal rates are required to be worked out at the exchange rates prevailing at the time of finalizing the this analysis as was done by TAMP at the time finalizing the earlier General Revision of SOR. Therefore, the equivalent tariff for coastal vessels is to be derived accordingly and hence the general note has been proposed. VPT has no objection to continue the notified costal tariff rates where the basic rates were not revised and thus there is no deviation to tariff guidelines in this regard.
(3).	**Section 2.1. – Port Dues**:	
	(i). The existing SOR prescribes separate port dues for different categories of vessel viz. iron ore vessels, POL vessels and residual category whereas in the proposed SOR a uniform port dues is prescribed for all the three categories of vessels. Though the port has stated no revision is proposed in port dues except rationalisation by proposing single port dues, it is observed that at the	The TAMP's guidelines prescribe for single slab rate per GRT for levy of port dues and accordingly, a rationalized single rate is proposed irrespective of type of cargo vessel. The existing rate of port dues in r/o of Iron ore vessels is kept unduly low, for some reason or other, compared to other cargo vessels.

	proposed tariff, there will be 47% increase in the port dues for iron ore vessel, 20% increase on POL vessels (at inner harbour) and 4% increase for residual category of vessels from the existing level of tariff. The basis of arriving at the proposed rationalised port due may be indicated.	Hence, the impact appears to be high in respect of Iron ore vessels. As can be seen from the cost statement Form 5 B (iii), the activity of port conservancy shows deficits to an extent of ₹ 1597.07 lakhs during the period from 2010-11 to 2012-13 which is proposed to be made good through this revision. The surplus after the proposed revision would be ₹ 15.91 lakhs which is marginal. The existing rates of Port Dues are in force from 6th June, 2001.
	(ii). Furnish number of vessels, average GRT of vessels for the years for the past two years 2008-09 and 2009-10 and similar details for the years 2010-11 to 2012-13 for both foreign-going vessels and coastal vessels separately for each of the existing vessel category along with income estimation at the existing rates and the proposed rates and the total revenue impact of the proposed rationalization. For this purpose a format was given.	The port has furnished the requisite details.
	(iii). The proposed note (iv) to apply the reduced gross tonnage as per International Tonnage Certificate for levy of port due in case of LPG tankers with segregated ballast tank appears to be an improvisation of clause 6.3 of the tariff guidelines which prescribes this condition only for oil tankers with segregated ballast tank. The reason for proposed modification in the existing note may be explained and show that the relevant international conventions adopted by the Govt. permits such treatment.	In the existing Scale of Rates, in Section 1.1 “Definition – General”, item (8) describes POL which shall mean Petroleum, Oil and Lubricants and for the purpose of levy of vessel related charges above, it will include LPG Vessels also. Hence, the possession of reduced gross tonnage as per International Tonnage Certificate is considered for charging Port dues for oil tankers with segregated ballast if the cargo comes under the definition of POL for levying vessel related charges alone.
(4).	**Schedule 2.2. - Pilotage Fees**:	
	(i). The reasons and the basis for proposing uniform pilotage fee for iron ore vessels, POL vessels and residual category of vessels may be explained.	The TAMP’s guidelines prescribe for three slab rates per GRT viz., (i) Upto 30,000 GRT, (2) 30,001 to 60,000 GRT and (3) Above 60,000 GRT with a reduction 20% of unit rate of first slab for second slab and a reduction of 30% on the unit rate of first slab for third slab on incremental GRT for levy of Pilotage and accordingly, the rationalized tariff is proposed irrespective of type of cargo vessel. As can be seen from the cost statement Form 5 B (iii), the pilotage activity shows huge deficits to an extent of ₹ 8335.70 lakhs during the period from 2010-11 to 2012-13 which is proposed to be made good through this revision. The surplus after the proposed revision would be ₹ 905.91 lakhs which is marginal. The revenue impact on predominant vessels is indicated below: (table follows)

Cargo	GRT range	No. of Vessels	%ge of Increase/ decrease
POL	15001 - 30000	151	66.02
	30001 – 60000	88	8.78
	Above 60000	50	3.09
Iron Ore	30001 – 60000	85	-7.77
	Above 60000	28	-7.50
Residual	15001 – 30000	579	51.09
	30001 – 60000	261	-1.02

	(ii). At the proposed rate, the increase will be in the range of 66% to 74% for POL vessels, 51% to 58% for residual category upto 30,000 GRT and for vessels above	There will be so many factors to be considered in determining the efforts to be put for pilotage activity. The vessels entering in outer harbor

<table>
<tr><td></td><td>30,000 GRT it will to 8% to 16% reduction for these categories of vessels. For iron ore vessels it will mean 7% and 17% reduction at the rate proposed. The basis of arriving at the proposed tariff for the first slab i.e. upto and inclusive of 30,000 GRT at US$ 0.5140 and sliding rates for the next two slabs may be explained. The impact of the proposed increase on the predominant category of vessel in each of the category may be highlighted.

(iii). Please confirm whether the distance and efforts involved for offering pilotage services for iron ore vessels, POL vessels and residual vessels at inner / outer harbour of port berths is the same in view of its proposal for levy an uniform pilotage fee for all the above categories of vessels.</td><td>would be higher GRT panamax vessels which require more tug power while the vessels entering Inner Harbour are of lesser GRT handymax vessels which may not require more tug power but required to piloting for more distance and more time. Thus the overall efforts to be made are more or less equal to all types of vessels entering in Inner or Outer Harbour. Logically, the Pilotage fees per GRT shall decrease from lesser GRT vessels to higher GRT Vessels. Contrary to this, the existing Pilotage fees per GRT is in increasing trend for higher GRT vessels. To alleviate from the above disparity, the rationalized tariff as per TAMP's guidelines is inevitable and the proposed tariff is justifiable.</td></tr>
<tr><td></td><td>(iv). Furnish revenue impact of the proposed pilotage fee giving details of number of vessels, average GRT of vessels handled for the past two years 2008-09 and 2009-10 and projections for the years 2010-11 to 2012-13 and the income estimation at the existing rate vis-à-vis at the proposed pilotage fee for different vessel category. For this purpose a format was given.</td><td>The port has furnished the requisite details in the format given. A summary of the revenue impact furnished by VPT is tabulated below:
<table>
<tr><th>Years</th><th>Revenue at existing rate</th><th>Revenue at the proposed rationalized pilotage fee</th><th>Additional Revenue</th></tr>
<tr><td>2010-11</td><td>9726.14</td><td>12467.89</td><td>2741.75</td></tr>
<tr><td>2011-12</td><td>11226.52</td><td>1445043</td><td>3223.91</td></tr>
<tr><td>2012-13</td><td>11056.11</td><td>14225.59</td><td>3169.48</td></tr>
<tr><td>Total</td><td>32008.77</td><td>41143.91</td><td>9135.14</td></tr>
</table></td></tr>
<tr><td></td><td>(v). The basis of the minimum pilotage fee proposed at US$ 1285 may be explained and its impact on each category of vessel with revenue implications may be furnished.</td><td>There are 68 vessels of less than 3000 GRT that visited VPT during 2009-10. Assuming that only one tug and one pilot are deployed and a minimum of 2 hours is required for each of inward and outward pilotage operation, the minimum cost to be incurred would be around ₹ 59868/- without considering any MGA or Engg. Overheads as worked out hereunder:
<table>
<tr><th>Description</th><th>Charges per hour (₹)</th><th>Per movement of 2 hrs.</th></tr>
<tr><td>Tug hire Charges as per latest tugs deployed on hire (Excluding Service Tax)</td><td>6225</td><td>12450</td></tr>
<tr><td>Fuel Cost (185 ltrs*₹ 39)</td><td>7215</td><td>14430</td></tr>
<tr><td>Pay & Allowance of Pilot per hour (900000 / 240)</td><td>375</td><td>750</td></tr>
<tr><td>Pilot launch charges per movement as per SOR</td><td></td><td>2304</td></tr>
<tr><td>Total charges per movement</td><td></td><td>29934</td></tr>
</table>
Since pilotage fee is inclusive of one inward and one outward movement the total charges = ₹ 59,868/-

Minimum charges payable as per proposed SOR is US $ 1285 i.e. ₹ 59444/-.</td></tr>
<tr><td></td><td>(vi). The 55% concession proposed in pilotage fee in Schedule 2.2.2 (b) in case of movement of vessel without tug assistance may be justified with reference to the cost of the tug services included in the proposed pilotage fee.</td><td>The proposed concession of 55% of pilotage fee for movement without usage of port tug is as per existing SOR.</td></tr>
</table>

<table>
<tr><td></td><td>(vii). The existing SOR prescribes separate shifting charge for POL vessels for movement within inner harbour / outer harbour and from inner harbour to outer harbour etc. and the unit of levy is prescribed on per shifting basis. With reference to the proposed uniform shifting charge for POL vessels and other than POL vessels please clarify the following:

(a). The basis of arriving at the proposed shifting charge with detailed working.

(b). Whether the distance involved and the cost thereof for shifting POL vessels within inner harbour / outer harbour or from inner harbour to outer harbour is the same as movement for other vessels between the port berths / inner / outer harbour.</td><td>Shifting charges for vessels other than POL vessels in existing SOR are considered as 40% of applicable Pilotage fee for vessels other than POL vessels. In the similar manner proposed shifting charges considered on the same proportion.</td></tr>
<tr><td></td><td>(viii). A similar comparison as requisitioned for pilotage fee at sl.no. (iv) above may be furnished for this item also.</td><td>In view of continuation of existing rationale of fixing shifting charges, no separate workings are made.</td></tr>
<tr><td></td><td>(ix). In note no. (14), the port has proposed to introduce 10% extra levy on notified rates for carrying out pilotage and shipping movement of vessels not involved for cargo transportation but for other commercial activities such as drilling rigs, survey etc., not connected to port operations and carried out for other organisation like ship yard etc., The basis of proposing 10% extra levy may also be explained.</td><td>The Pilotage operations and movements for the vessels involved in carrying drilling rigs, survey activities and movements for shipyard operations are taking much higher time that that of normal operations of vessels carrying cargoes as per the statistics available. To compensate the costs involved for more operational time, the extra levy has been proposed.</td></tr>
<tr><td>(5).</td><td>Schedule 2.3. - Berth hire charges:</td><td></td></tr>
<tr><td></td><td>(i). The proposal does not clearly indicate the level of increase proposed in the berth hire. Please state the increase proposed in the berth hire charges for each category and the increase in terms of the revenue to the port.</td><td>The revenue shown under this head for the year 2009-10 comprises of the following:

<table>
<tr><th></th><th>2009-10</th><th colspan="2">2010-11 (anticipated)</th></tr>
<tr><td>Berth hire Charges on general cargo vessels in IH</td><td>1858.00</td><td></td><td></td></tr>
<tr><td>Berth hire charges on i/Ore vessels at Ore Berths</td><td>779.64</td><td></td><td></td></tr>
<tr><td>Berth hire charges on POL vessels in OH</td><td>303.58</td><td></td><td></td></tr>
<tr><td>Berth hire charges on general cargo vessels at GCB</td><td>343.70</td><td></td><td></td></tr>
<tr><td>Total</td><td>3285.22</td><td>7960.00</td><td>Proposed to recoup ₹ 4674.78 lakhs deficit disclosed in 09-10</td></tr>
<tr><td>Priority / Ousting Priority Berthing Charges</td><td>715.88</td><td>0.00</td><td>Due to introduction of berth reservation scheme</td></tr>
<tr><td>Shifting Charges</td><td>1197.40</td><td>1760.99</td><td>Due to upward revision proposed</td></tr>
<tr><td>Berth hire charges at Fishing Harbour</td><td>48.62</td><td>48.62</td><td>No revision is proposed</td></tr>
<tr><td>Total</td><td>5247.12</td><td>9769.61</td><td></td></tr>
</table>

From the above, it can be observed that the berth hire charges are proposed to increase by 142% over the existing rates to yield an additional income of ₹ 46.75 crores to recoup deficit disclosed in the activity. However, in view of the TAMP's advise to consider the request made by the users to smoothen the impact of revision of berth hire charges, the position has been reviewed and it is proposed introduce two slabs of GRT ranges instead of single slab proposed as well as the impact of revision is restricted to ₹ 4028.70 from ₹ 4627.99 originally proposed.</td></tr>
</table>

The request of M/s.VCTPL, in the joint hearing held on 2-11-2010, not to increase berth hire charges since the berth though owned by VPT is being maintained by them, it is to state that the construction cost of the said berth is ₹ 3695.31 lakhs and the depreciation based on 75 years life and ROCE @ 16% works out to ₹ 49.27 lakhs and ₹ 591.24 lakhs respectively totaling to ₹ 640.51 lakhs per annum. The average berth hire charges that is being collected on par with inner harbour berths from M/s.VCTPL is only ₹ 43.00 lakhs. In view of the same, it is not possible to accede to their request.

(ii). The basis of arriving at single berth hire rate as against the existing two / three slab rates for each categories of vessels may be explained.

The VPT has stated that calculation sheet arriving at the single berth hire charges for different category of vessels is furnished (The statement furnished gives the revenue estimation from Berth hire at the existing vis-à-vis the proposed rate. It does not explain how the single slab rate is arrived at).

(iii). At the single berth hire proposed by the VPT, it is observed that the impact of increase will be significant in the range of 54% to 300%. For iron ore vessel below 70,000 GRT the increase will be 54% and for vessels above 70,000 GRT it is 325%. For POL vessels and residual category also, the proposed increase would lead to 60% to 244% increase. Justify the steep increase proposed in the existing berth hire with reference to the overall average deficit of 34% in the vessel related activity.

The percentage of deficit in the overall vessel related activity comprises of deficits on various sub-activities as indicated below:

	Existing Revenue	Existing %age of deficit	Existing Deficit	Proposed %age of Revision	Addl. Revenue anticipated
Berthing	3186.72}	94.37%	4858.84	142.00%	4525.14
Priority Berthing charges	715.88}				(-)715.88
Shifting Charges	1197.40}			47.00%	562.77
Others	48.62}				
Pilotage	9754.40	15.00%	1465.31	28.00%	2731.23
Port conservancy	5007.00	3.00%	153.72	9.00%	450.63
Dry docking	338.00	1.69%	571.24		
Other services	349.01	2.00%	6.64		
Total	20597.03		7055.75		7553.89

From the above, it is clear that, deficit in berthing activity which includes priority/ousting priority berthing charges and towing/shifting charges is 94%. Since it is anticipated that the priority berthing charges will decline due to introduction of berth reservation scheme and base existing revenue of berth hire is only ₹ 3186.72 lakhs, the revision proposed is steep to meet the existing deficit.

(iv). A tabular statement showing the no. of vessels, average GRT of the vessels handled for the past two years and income expected for each of the existing slab in respect of each category of vessels vis-à-vis the income anticipated at the single berth hire rate proposed may be furnished adopting the format prescribed for pilotage fee.

The VPT has furnished the requisite details in the prescribed format for the years 2009-10 to 2012-2013. A summary of the revenue impact assessed by VPT is tabulated below:

Years	Revenue at existing rate	Revenue at the proposed rationalized pilotage fee	Additional Revenue
2010-11	3536.69	7788.74	4252.05
2011-12	3919.59	8584.10	4664.51
2012-13	7185.23	11470.70	4285.47
Total	14641.51	27843.54	13202.03

(v). The basis for proposing increase in the berth hire charge for work boats under Visakha Craft Rules under Sl. No.4 from existing ₹ 0.10 per GRT per hour to ₹ 0.25 per GRT per hour i.e. 150% increase may be explained and the financial impact thereof may be indicated.

The rate is proposed in line with increase in berth hire charges proposed. However, berthing of work boats is rare and hence impact of the same is not made.

(6).	**Schedule 2.3.3 – Penal berth hire for under performance**:	
	(i). In the last tariff Order, the Authority had in para 12 (xix) held that it would be appropriate to set the principles for fixation of output norms explicitly in the Scale of Rates in order to have transparency in the matter for levy of additional berth hire for over stayal of the vessel at the berth on account of low productivity and had advised the VPT to formulate a suitable proposal prescribing the principles for fixation of output norms in consultation with the users by 30 September 2006. Till such principles are prescribed note (1)(i) and (ii). prescribed under Schedule 2.3.3 in the existing Scale of Rate allowed a Committee under Chairmanship of Dy. Chairman and comprising of port officials and three representative of trade to decide on the method of calculation of loading/ unloading norms for applying the penal berth hire provision. (a). Please clarify why suitable proposal in this regard was not filed as per the time stipulated in the last tariff Order and why the advise rendered is not complied with in the current tariff revision proposal also. (b). Please furnish the details of cases where penal berth hire was imposed during the years 2007-08, 2008-09 and 2009-10.	(i to iv) As per the request of the Trade, competition from neighboring ports and keeping in mind what the trade can bear, the levy of penal berth hire for under performance was not proposed. It is totally a policy decision taken by the VPT. The details of the over stayal of vessels, the period of over stayal and the penal berth hire collected by the port for the last three years i.e. 2007-08 to 2009-10 stated to have enclosed but not attached. As the penal berth hire clauses are not proposed, the aspect of estimation of income for the next three years does not arise. The provision approved in order no.TAMP/31/2008-VPT, dt.12.2.2009 may be modified as below in view of the non-existence of penal berth hire for under performance. "If the over stayal of the vessel exceeds beyond 15 days even after levying penal berth hire under 2.3.3 (a) (ii), then penal berth hire equivalent to 5 time of the normal berth hire for such excess period shall be levied in addition to the normal berth hire"
	(ii). With the proposal to delete the existing note (i) and (ii), it is not clear how the under performance will be monitored for levy of the penal berth hire charge. The VPT is again advised to comply with the advice rendered earlier and propose the principles for fixation of output norms explicitly in the Scale of Rates in order to have transparency in the matter for levy of additional berth hire for over stayal of the vessel at the berth on account of low productivity.	
	(iii). When VPT expects some performance assurance from vessels, the counter assurance in terms of efficiency from port side should also be disclosed. If such minimum assured levels of performance are not met by port, it should also be ready to offer rebate in the base tariff.	
	(iv). Please furnish an analysis of how many vessels have overstayed at the berth, the period of over stayal of vessels and the penal berth hire collected by the port for the last three years i.e. 2007-08 to 2009-10. The income estimated in the cost statement for the next three years may also be indicated.	
	(v). The Authority vide Order No. TAMP/31/2008-VPT dated 12 February 2009 approved levy of additional Penal Berth Hire equivalent to 5 times of the normal Berth Hire for over-stay of the vessel beyond 15 days even after levy of Penal Berth Hire prescribed in Schedule 2.3.3 (2) in the existing SOR. The additional income accrued to the port in view of the said provision in the year 2009-10 and the estimates for next three years may be indicated giving the details of instances of over stayal of vessel in the port in the past and such instances anticipated in future.	The additional income accrued to the port in view of the provision of 5 times penal berth hire in the year 2009-10 is nil. The estimates cannot be worked out as it is very difficult to assess the future over stayal of vessels at this stage.
(7).	**Schedule 2.3.4.– General notes relating to berth hire:**	
	(i). The provisions relating to berth hire for transhipment/ lighterage operations of POL/ Oil/ Dry bulk cargo handled in outer harbour is covered in Section 3 of the existing as well as proposed Scale of Rates. In view of this, the reasons for introducing a general note no.9 for levy of 50% of non-crane berth hire for transhipment/	The proposed note is to offer concession to levy only 50% of non-crane berth hire charges applicable to residual category of vessels which are berthed at other berths other than the moorings for carrying lighterage / up-topping operations through barges. This concessional

	lighterage operations at any berths in outer harbour may be explained explicitly clarifying for which category this provision will apply.	berth hire charges are offered, on request of the trade, with the approval of the Board in pursuant of the powers under item 12 of general terms & conditions duly notifying in AP Gazette. In view of the above, General notes relating Berth hire note 9, may please be read as " For lighterage / up topping operations through barges at any berths in outer harbour other than moorings, 50% of non-crane berth hire charges applicable to residual category of vessels will be levied. This concession will not be applicable for the vessels availing concession vide item 3.3 of Section-3.
	(ii). Note 10 proposes 33% rebate in the berth hire charge for work boats under Visakha Craft Rules. Since the berth hire for work boats is already proposed in the Schedule 2.3.1., the separate note in this regard seems to be superfluous and hence may be deleted.	It is proposed to allow a rebate of 33% on berth hire charges for work boats registered under Visakha Harbour Craft Rules which have approved by the VPT Board. This rebate is applicable only for work boats and there are certain vessels/crafts operating in port waters like water barges, oil barges providing services to vessels under license issued by VPT for which the rebate is not applicable. Hence, the note proposed is in order.
(8).	**Schedule 2.3.5. Road stead charges:** The Authority while approving the last general revision Order had specifically advised the VPT in para 12 (xxxi) to propose a more rationalised road stead charges taking into consideration the proximity to harbour, depth available etc., without linking it to the berth hire. The proposed rates may be reviewed duly considering this advice rendered earlier.	The review will be taken up on receipt of any specific request from the users.
(9).	**Schedule 3.1. – Consolidated charges for transhipment of Crude oil/ POL:**	
	(i). The reduction proposed in wharfage charge is to the tune of 32% for Crude oil and 15% for POL and 18% reduction is proposed in the Ship to shore charges. The revenue impact of the reduction proposed for crude / POL may be furnished for the years 2010-11 to 2012-13 along with detailed working.	The financial impact on reduction of wharfage charges on POL products and Crude Oil have been furnished.
	(ii). The reduction proposed in POL is not to the extent of the average surplus of 66% reflected in the POL activity.	The TAMP's guideline prescribe not to allow any increase in the tariff for any activity showing surplus. Accordingly, VPT had not proposed increase but proposed substantial reduction in wharfage.
(10).	**Schedule 4.1 – Wharfage:**	
	(i). Wharfage charge may be proposed based on the cost of handling and special care required to be taken while handling and storage of cargo as prescribed in clause 4.2.2. of the revised tariff guidelines. The VPT may consider rationalising and simplifying this schedule. A brief note may also be furnished explaining how the proposed wharfage schedule satisfies the stipulations of the revised guidelines.	VPT had not proposed any revision of wharfage charges and hence not taken up any review. Only in case of Iron Ore, the wharfage charges have been revised duly considering the costs involved in handling of Iron ore. The review of the existing wharfage charges will be taken as and when revision for such cargoes is required to be made.
	(ii). Wharfage rate for new cargo item viz. fly ash is proposed at par with the existing rate prescribed for blast furnace, slag, Bentonite under sl. No. (10). In this context please confirm whether the handling method and the cost of handling fly ash is same as for other cargoes covered under Sl. No. 10.	The method of handling of fly ash is same as for other cargoes mentioned at Sl.No.10.

	(iii). Advalorem rates proposed for few cargo items at serial number 15, 19, 30 and 44 should be done away with in view of clause 4.2.2. of the revised tariff guidelines. The wharfage rate for these item may be proposed based on weight or volume of cargo with reference to cost of handling the relevant cargo instead of proposing advalorem rate in line with the advice rendered in the last tariff Order.	Same remarks at at item (i).
	(iv). (a). Basis of arriving at the proposed wharfage rate for new cargo items viz. gypsum, methonal, waste oil, bio-diesel under Sl. No.35 to 38 may be explained. The anticipated traffic and the income from these cargo items may be indicated. Please furnish working in this regard. (b). If these cargo items were already handled in the last two years, then the wharfage rate applied by the port may also be indicated.	(a). The wharfage rate for Gypsum has been fixed on par with Lime stone which is being charged with a rate of ₹ 24 per tonne. The cif value, method of handling of the Gypsum compares with that of Lime Stone. The wharfage rate for Methanol has been fixed based on its cif value of ₹ 8,484/- and applying the existing advalorem rate available for other Chemical of 0.44% i.e., ₹ 8484 x 0.44% = ₹ 37/- per tonne. The wharfage rate for Waste Oil has been fixed as per the existing provision that un-enumerated goods having fob/cif values up to and inclusive of ₹ 1000/- per tonne shall be charged with a wharfage rate of ₹ 10/- per tonne. The wharfage charges for Bio Diesel are to be fixed on par with the POL products. However, to encourage this environmental friendly cargo, Bio Diesel, its rate has been fixed at ₹ 37.91 per tonne (b). The above items are, at present, being treated as un enumerated cargoes and the wharfage applicable to such un enumerated cargoes are being levied.
	(v). (a). The increase proposed in the wharfage rate for mechanised handling of iron ore and iron ore pellets is 15% to 16% and for iron ore and iron ore pellets handled by conventional means the increase proposed is 82% and 94% respectively. Explain the reasons for proposing differential increase in mechanised and conventional means of handling on the basis of additional cost involved in the later method. Also, justify the proposed increase when the cargo handling activity as a whole reflects reflect an average surplus of 23% for the three years under consideration. (b). Note No.9 gives breakup of consolidated wharfage of iron ore/ pellets (mechanical handling) into wharfage, handling and haulage, tippling, stacking. Please justify 27% increase proposed in handling and 15% increase in haulage, tippling and stacking service with reference to the increase in the cost of providing these services. (c). If increase proposed in the iron ore / pellets is in view the deficit in sub activity relating to iron ore (36% average deficit for the three years 2010-11 to 2012-13) then clarify why following the same principle reduction is	(a). The revision of wharfage for iron ore mechanical handling has been proposed based on the cost sheet furnished Form 5A (iii). The wharfage on iron ore manual handling, for some reason or other, has been kept low in the existing SOR. The wharfage charges on cargoes like, Coal, Gypsum, pig iron with lower CIF value are levied with wharfage of ₹ 26/-, ₹ 24/- and ₹ 28/- respectively. On par with the said wharfage rates as well as Iron ore (Mech), the rate for Iron Ore (Manual Loading) has been revised to bring the Iron ore Handling Activity, as whole, self remunerative. (b). The proposed increase in handling charges and tippling & haulage charges is as per the increase in costs involved in such operations. The wharfage charges are, however, not been proposed for any increase. (c). The working results of handling of Coal, fertilizer & fertilizer raw material and other general cargoes discloses only surplus of ₹ 0.26 crores, ₹ 3.09 crores and ₹ 26.93 crores

	not proposed the surplus generating activities viz. fertiliser, general cargo and other activities under cargo handling activity.	which are not substantial. VPT, however, offered rebates based on volume slabs with financial impact of (-) ₹ 12.97 crores. Thus the principle of increase / reduction in tariff has been following for both deficit and surplus activities.
	(vi). The proposed provision in Note (2) prescribing levy of wharfage on goods entering the docks but not shipped may be deleted. Instead, the VPT may consider to prescribe shut out charges for such cargo in line with prescription at other major ports.	A new clause indicating that the shut out charges for goods entering the docks but not shipped will be as that of the wharfage charges equivalent to that particular cargo, levied on per tonne / advalorem / per cu.m. basis.
(11).	**Schedule 46. – Demurrage / Storage Charge**:	
	(i). The reasons for proposing increase in free period for import cargo from existing 3 days to five days may be explained.	The free period proposed to increase keeping in view the request of the Trade at various forums. Hence it is a policy decision taken by VPT. The port has furnished dwell time of various cargo and requested that average dwell time of import cargo and that of export cargo may be ascertained from the statement furnished The reduction in revenue cannot be anticipated as demurrage is not the revenue to be considered.
	(ii). The average dwell time of import cargo as well as all export cargo may be furnished.	
	(iii). The reduction in the revenue, if any, anticipated due to the proposed increase in the free period for import cargo may be indicated for each of the years 2010-11 to 2012-13.	
(12).	**Schedule 4.7.1 to 4.7.3. – Charges for Handling cargo**:	
	(i). The existing Scale of Rates lists seven cargo items where handling charge will be levied in addition to wharfage charge. In the proposed SOR, the list is reduced to cover three items. Reasons for the proposed modification in the existing list may be explained.	The handling of export ores have been handed over to the cargo handling division. Hence only three items are prescribed in the proposed revision a these three items are continued to be handled by the port labour.
	(ii). In view of merger of Visakhapatnam Dock Labour Board (VDLB) with VPT in September 2008, the VPT has filed a separate proposal for fixation of levy for deployment of labour from Cargo Handling Labour Division (CHLD) which is being processed separately. The VPT may confirm that the labour handling charges covered in this schedule does not include any labour component for deployment of labour from CHLD.	It is confirmed that the labour handling charges covered in this proposed schedule does not include any labour component for deployment of labour from CHD.
	(iii). The VPT may review whether the handling charges proposed cover cost estimated based on the revised manning scale announced by the National Tribunal Award.	VPT cost statements were prepared not basing on the manning scales as manning scales are implemented only in case of CHD workers.
	(iv). Handling charge generally include the cost of equipment supplied and the labour cost. Incidentally, the handling charge of cargo is stated to include the equipment hire charges and same principle should apply for handling containers also. Please clarify that the existing rate for handling container does not cover the cost of equipment. In case the VPT desires to levy extra cost for supply of equipment, then the proposed tariff for container handling may be reduced to the extent the cost of equipment hire is included therein and a detailed computation of the proposed rate may be furnished.	VPT has not proposed any revision in this regard.
	(v). The proposed note number 4 about the port not assuming custody of export cargo may be substantiated with provisions of Major Port Trust Act, Customs Act or settled position of Law.	The port does not assume custody of the export cargo" is not a new provision. It is also present in the existing SOR and hence the same can be retained as there are no complexities with this clause.

(13).	**Section 6 – Charges for License (Storage) Fee**:	
	(i). As per the note 1 occupation without valid license is treated as unauthorized occupation. Whereas in the note no.(2) now proposed to be introduced, stacking of cargo without allotment or when the area is not vacated even after serving 15 days notice are also proposed to be treated as unauthorized occupation. The reasons and circumstances for extending the scope of the term authorised occupation may be explained.	The two notes (1) and (2) have specified meaning with respect to renewals and unauthorized stacking. Note-1 is applied for renewals. Even after the allowed period of one week without interest, if no application for renewal is received or the received application is not considered for renewal, the same will be treated as un-authorized occupation since there is no valid license. If the late application is received after the allowed period of one week and if the same is considered for further renewal, only interest is collected. So, it mainly depends on the discretion of the department keeping in view of various operational aspects. Note -2 is regarding cases where cargo is stacked without any application for allotment of land and also in respect of cases where the allotted land / area is required by the port trust and a 15 days advance notice is issued to that effect.
	(ii). The basis and the reasons for introducing proposed note no 3 for levy of license fee five times the prescribed rate for unauthorized occupation beyond 60 days may be explained.	Note-3 is proposed to discourage unauthorized occupations of longer durations and five time license fee will impose discipline among the allottees.
	(iii). As per note 4 newly proposed, the VPT proposes levy of interest for delay in renewal of license in view of shortage of funds. Clarify whether the proposed note is in conformity with the land policy guidelines issued by the Government in March 2004.	Note – 4 is a general note as per the general financial principles, where interest is levied if the bills are not paid in time. Hence land policy has nothing to do with it.
	(iv). The note does not clarify interest rate leviable for delay in renewal of license. The port may make the provision explicit to avoid any ambiguity.	The trade usually makes proper application for renewal of plots given on license fee basis before the date of expiry and is being considered for renewal after verifying the availability of funds in their deposit accounts with VPT. However, by the time for adjustment of renewal fee from their deposit accounts after processing the applications, the funds are found exhausted due to adjustment of bills for other services. Therefore, due to non-availability of funds for realization by adjustment, the renewal applications are treated as cancelled and un-authorized occupation charges at the double the license fee are being levied. Therefore, on request of the trade, it is proposed to collect only interest as applicable for delayed payments as per clause 6 (i) of general terms and condition on the applications already considered for renewal from the date of renewal to the date of actual realization of the license fee.
(14).	**Schedule 7.5. – Miscellaneous Charges:** During the last tariff revision Order the Authority had in para 12 (xLviii) advised the port that the pollution levy collected should be maintained in a separate account and utilised for the purpose of pollution control measures. The port was also advised to produce at the time of the next general review for effecting suitable adjustment in the rates of pollution levy and, if found necessary, in the wharfage rates of the relevant commodities. The requisite details may be furnished and the action taken to implement the advice rendered may be conveyed.	The exercise as suggested by TAMP will be complied with for the next general revision of SOR. However, the details of pollution control charges collected and expenditure incurred there on will be made available in due course.

(15).	**Schedule 7.6. – Dry Docking Charges**:	
	(i). The Authority had revised the rentals for dry dock at Visakhapatnam inner harbour vide its Order No.TAMP/4/2009-VPT dated 16 June 2010. The port has in its proposed Scale of Rates not incorporated the rates approved by the Authority in the said Order for foreign-going vessel which may also be included.	The observations of the TAMP are agreed to.
	(ii). The note (1) proposed in the Scale of Rates is different from the note proposed in the said Order. Reasons for modifying the existing condition may be explained	

15. Subsequently, the VPT has furnished further additional information/ clarifications vide e-mail dated 8 December 2010, letters dated 17 January 2011, 21 January 2011 and 27 January 2011. A summary of the points received from VPT is given below:

Sr. No.	Reply received from VPT
(i).	The income on fishing harbour for the years 2010-11 to 2012-13 has been over estimated erroneously due to some calculation errors. As per RBE 2010-11, Income from Fishing Harbour estimated is ₹ 229.10 lakhs. As such, the same income may please be considered for the projected years 2011-12 and 2012-13 also.
(ii).	Regarding utilisation of Escrow account balance, an amount of ₹ 140.00 lakhs was proposed to be utilised for different road works during the year 2010-11. An amount of ₹ 132.35 lakhs were already incurred during the year 2010-11 for the following works as detailed below. (Copy of work orders are enclosed).

Sl. No.	Description	Work order value	Amount incurred during the year
1.	Strengthening and Regarding of L.15 corridor at R&D Yard	₹ 277.65 lakhs	₹ 108.70 lakhs
2.	Laying of Pavement over PLC with CC Blocks between ramp – B and WQ 7 Jn along S-4 conveyor	₹ 67.81 lakhs	₹ 23.65 lakhs

Sr. No.	Reply received from VPT
(iii).	(a). Regarding clarification on 50% and 25% concession on lighterage / up topping charges, Item-3.3, Section-3 of VPT SoR stipulates that a rebate of 25% in Port dues, pilotage and berth hire shall be extended to both mother / daughter vessels / barges engaged in transhipment / lighterage of dry bulk cargo and carried to other Ports only.
	(b). A provision for extending concession equivalent to 50% of non Crane berth hire charges applicable to residual category had been proposed in respect of berth hire charges for the vessels which are berthed at other berths other than the moorings for carrying lighterage / up topping operation through barges.
	(c). This proposed provision of 50% concessional berth hire is different from the provision mentioned under item 3.3 of section-3 of the existing SOR, since item 3.3 stipulates for 25% rebate on the notified rates applicable for various berths / moorings where the transshipment / lighterage takes place and the cargo carried to other Ports. But, in case of proposal of 50% concessional berth hire charges, it is an extension of the existing provision 2.3.2 of section-2 of the SoR, which is originally applicable to certain categories of Moorings / Jetties and vessels berthed along side berths / moorings, to all other berths other than the moorings (since rate already exists for moorings i.e., 50% of non-crane berth hire charges).
	(d). As there is request from the trade to extend the above concession for lighterage / up topping not only at moorings but also at other berths, the request was put forth to VPT Board. A copy of agenda item and resolution of the same is furnished. However, the word "transshipment" at note 9 of general notes at 2.3.4 may please be read as "up topping". The two said provisions are separate and may be sustained.
(iv).	The details of traffic handled from 1.4.2010 to 31.12.2010

Sl. No.	Description	Lakh Tonnes
1.	Total Traffic excluding BOT operators traffic	434.00
2.	BOT Operators Traffic	
	(a). M/s.VSPL	46.42
	(b). M/s.VCTPL	17.37
	Total Traffic upto 31.12.2010	**497.79**

	3.	Coal (excluding BOT)	
		(a). Thermal Coal (Coastal)	25.76
		(b). Coking coal	35.43
		(c). Steam coal	15.96
		(d). Anthracite coal	1.03
		(e). LAM coke	0.82
	4.	Fertilisers (excluding BOT)	
		(a). Finished Fertiliser	29.82
		(b). Fertiliser raw materials	6.06
	5.	Other Cargo (excluding BOT)	319.12
	6.	**Total Traffic excluding BOT operators traffic**	**434.00**

(v). Royalty Income from BOT operators from 1.4.2010 to 31.12.2010 is as follows:

M/s.VSPL – ₹ 336.45 lakhs
M/s.VCTPL – ₹ 159.53 lakhs

(vi). Estate rentals from 1.4.2010 to 31.12.2010 – ₹ 22,07,39,104

(vii). Pension Fund Details (VPT alone)

(**₹ in crores**)

Description	31.3.2006	31.3.2007	31.3.2008	31.3.2009	31.3.2010
As per Actuarial valuation	840.02	879.47	870.59	924.82	1338.06*
Shortfall	441.35	392.13	286.32	235.62	525.23
Contribution made	0.30	32.50	34.40	42.74	57.59

* The increase is due to revision of Pay and Allowances and retirement benefits of Class III & IV employees as per BWNC agreement.

(viii). Regarding WQ-7 and WQ-8 it is to state that these two berths were proposed for handling Alumina and other bulk. However, as the Alumina demand is not at expected levels, VPT is revisiting the cargo mix and hence there will be a change in capital cost and other equipment costs and back up area etc. Hence, revised tariff proposal for the said berths will be taken up after finalising the cargo mix and TEFR. Further, it is also proposed to first take up only WQ-7. Thus, awarding of work for these two berths will take time and hence no lease rentals from the proposed BOT operators accrue to VPT till finalisation.

(ix). **Status of various major capital projects proposed as capital additions**.

(a). Second phase of Deepening of channel – Estimated cost ₹ 70 crores – The work is expected to be completed by March 2011 as against the scheduled date of completion of September 2011.

(b). Replacement of tug Swarna & Netravathi – Estimated cost ₹ 83.20 crores – The likely delivery dates of said 2 numbers of tugs are indicated as April 2011 and July 2011 as against scheduled date of completion July 2011.

(c). Improvement and development of ports roads – Estimated cost ₹ 40 crores – as already indicated that 30 schemes out of 34 comprised in the project have already been completed and the remaining 4 schemes are also likely to be completed by April 2011. The completion date of the project can be taken as April 2011 as against the scheduled date of December 2011.

(d). Strengthening of EQ and WQ berths to cater 12.5 mtrs. draft vessels – Estimated cost ₹ 35.20 crores – the work of EQ-5 declared as completed and WQ-1 work has also been completed. Physical progress of the work can be taken as 45% and completion of other berths is expected before September 2011.

(e). Environmental up gradation and providing slope protection to south bank of Inner channel – Estimated cost ₹ 38 crores – Physical progress is at 20% and expected to be completed by September 2011 as against the date of March 2011.

(f). 3rd phase of Deepening – Estimated cost ₹ 244 crores - Since the 2nd phase of deepening will be completed by March 2011, the 3rd stage of deepening will be taken up completed as scheduled in June 2011. Incidentally, it is to brought to notice that the capital cost of this work was inadvertently taken as ₹ 2.44 crores instead of ₹ 244 crores. The

	actual capital cost of ₹ 244 crores may be considered and the differential capital cost of ₹ 241.56 crores as well as the depreciation there on of ₹ 2.42 crores may be added in Capital employed and in depreciation in cost statements. (g). Modernisation of OHC - Replacement of Stacker – Estimated cost ₹ 45 crores – Due to some technical difficulties, the taking up and completion of the work may be delayed by 6 months from the scheduled date of completion of March 2012. (h). Construction of WQ-1 return end – Estimated cost ₹ 33.37 crores. Work order issued on 22.9.2010 with scheduled date of completion of 5.4.2012. (i). The status of other capital works is as per the Annexure II of letter dated 24.11.2010.
(x).	**Reduction in wharfage rate on Crude oil handled at OSTT**. (a). As advised by the TAMP at Para B page 35 of the earlier TAMP's order and as agreed by VPT, the wharfage rate of Crude oil handled at OSTT has already been reduced from ₹ 67.74 per tonne to ₹ 39.00 per tonne w.e.f. 1.4.2007 in consultation with M/s.HPCL, which has resulted in revenue reduction by ₹ 79.22 crores up to the year 2009-10. The said reduced rate of ₹ 39.00 per tonne is proposed in the present revision of SOR also. (b). M/s.HPCL has set up SPM facility in VPT assuring a minimum traffic of 10 MTPA from 2009-10 to 2014-15 and 15 MTPA from 2016-17 on wards for which it was mutually agreed to collect wharfage at ₹ 17.00 per MT at SPM and an MOU has been entered to this effect. Therefore, the revenue on Crude oil handled at SPM is to be considered at the rate of ₹ 17.00 per MT as agreed by VPT in order to retain the Crude traffic which other wise be diverts to other neighboring ports. The Crude traffic anticipated in this revision is as per the above said MOU with HPCL which other wise would decline by 70% of the forecasts made for the years 2010-11 to 2012-13. TAMP is requested to take cognizance of the above said arrangements and consider in the proposal. Since the SPM facility is set up by HPCL and will be exclusively utilized by HPCL, the wharfage rate proposed may not required to be notified in SOR since it is not a common user facility. However, VPT has no objection in notifying the same in SOR. The port has forwarded a copy of the Memorandum of Understanding between the VPT and HPCL dated 31 March 2008 in support of its claim.
(xi).	**Reduction in wharfage rates under Trade policy**. As per the Trade Policy offered by VPT, a rebate of 10% to 20% of existing SOR rates has been extended to the trade with annual financial impact of ₹ 15.86 crores in order to retain existing traffic of some of the commodities. The traffic forecasts for general revision of SOR have been made based on the traffic that may be retained after offering the rebate. In the event, the above concessions are not offered, there may be likely decline in traffic 20% to 30% of the existing level other than POL. Therefore, it is requested to consider the reduction in revenue on account of concessions offered on Trade Policy.
(xii).	**Impact due to Cafeteria Approach to Class I & II officers**. Consequent on the wage revision of officers, which was taken place after filing of revision of SOR proposal, on an average, VPT is incurring an amount of ₹ 27,221/- per officer per month. The said cafeteria payment was made from the month of August 2010. Hence the implication for the year 2010-11 in respect of 331 officers is ₹ 720.81 lakhs. For the years 2011-13, impact is to be considered duly applying escalation factor of 3.76%. While forwarding the proposal, VPT estimated the wage revision of officers would be around ₹ 11.60 crores. However, the actual implication due to wage revision of officers is to be considered as ₹ 14.31 crores (i.e. ₹ 3.50 crores plus ₹ 10.81 crores) instead of ₹ 11.60 crores. The following table depicts the deployment of officers on different activities. Cargo Handling & Storage — 65 Port & Dock facilities — 76 Railway — 13 Estate — 6 Management & General Administration — 171 **TOTAL** — **331**

	Cafeteria allowance apportioned to differential activities **₹ in lakhs** Cargo Handling & Storage 141.55 Port & Dock facilities 165.50 Railway 28.31 Estate 13.07 Management & General Administration 372.38 **TOTAL 720.81**
(xiii).	**Royalty Income to be excluded due to non finalization of WQ-7 & 8 BOT berths**. Royalty revenue stated as ₹ 7115 lakhs during the year 2012-13 is to be considered as ₹ 6006.48 lakhs only, as VPT is revisiting the proposals of WQ-7 & WQ-8 duly modifying the cargo mix, back up area etc. and TEFR is to be prepared afresh, the commencement of project in the year 2012-13 may not be possible.
(xiv).	**Contribution to Pension fund and Pension payments met from revenue account**.

(a). VPT had initiated for creation of superannuation funds only after 2001-02 and made contributions to an extent of ₹ 96.63 crores to the end of 2002-03. The contribution made and interest earned so far are indicated below:

(**₹ in crores**)

Year	Contribution	Interest
2002-03	96.63	10.30
2003-04	60.00	12.44
2004-05	180.00	17.51
2005-06	0.30	24.82
2006-07	32.50	31.93
2007-08	34.40	33.77
Addl. contribution	78.70	
2008-09	42.74	34.63
2009-10	63.86	61.70
Total	**589.13**	**227.10**

(b). From the above accumulation of ₹ 816.23 crores up to 31 March 2010, VPT had purchased annuities for the exit of employees to an extent of ₹ 271.14 crores with a monthly pay out of ₹ 2.41 crores. The balance available as on 31 March 2010 is ₹ 538.09 crores as against actuarial valuation of pension liability of the employees on rolls as on 31 March 2010 of ₹ 567.14 crores. The actuarial valuation of pensioners on rolls as on 31 March 2010 of ₹ 770.92 crores was left unfunded and the pension payments of these pensioners on rolls is being met from revenue account only. Since there is a short fall in pension fund from the actuarial valuation of pension liability by ₹ 29.05 crores in respect of employees on rolls and ₹ 770.92 crores in respect of pensioners on rolls, the monthly pension payments of the pensioners on rolls is required to be met from revenue account only. During the year 2010-11 annuities worth ₹ 155.36 crores with a monthly pay out of ₹ 1.36 crores have been purchased from the available balance.

(c). To summarise, the pension payment figures reflected in Annual Accounts are the payments pertaining to those pensioners mainly with reference to retirements prior to 2002-03.

(d). In view of the above position explained, TAMP is requested to consider pension payments made for the pensioners from revenue account till the pension fund is built up to meet such liability. The contribution to the pension fund pertains to the employees on rolls and is made based on the actuarial valuation, which also needs to be recognized. A table showing the pension liability as per actuarial valuation, the existing balance in the pension fund and the short fall is given below:

Description	As at 31 March 2006	As at 31 March 2010
As per Actuarial valuation	840.02	1338.06
Balance in the pension fund	398.67	812.23
Short fall	441.35	525.23

	(e). As the pension liability as per the actuarial valuation cannot be met from the pension fund balance, TAMP may consider to meet the short fall from the surpluses if any available as per the cost statements.
(xv).	**Tug hire charges**:

As per work order dated 4 July 2010, 2 nos. of 50 B.P. tugs are to be supplied by the contractor for which VPT has to pay hire charges with service tax and also to pay for fuel oils at actuals. Tug will be operated for 20 hrs. a day throughout the year. In view of the above, the total amount payable for 2 tugs per annum is as detailed below:

Name of the Tug	Details of expenditure	Hire charges	Charges/ annum
Ocean Wonder	Hire charges	₹ 164788 per day	₹ 60147620
Ocean Mighty	Hire charges	₹ 162207 per day	₹ 59205555
Ocean Wonder	Fuel charges	185 ltrs/ hr@ ₹ 39/ ltr	₹ 52669500
Ocean Mighty	Fuel charges	200 ltrs/ hr@ ₹ 39/ ltr	₹ 56940000
Total charges per annum for hiring of 2 tugs			**₹ 228962674**
Say ₹ 23 crores per annum			

(xvi). **Bifurcation of wage revision arrears**:

The arrears amount of ₹ 2594.27 lakhs for the period from 1.1.2007 to 31.3.2009 is bifurcated year-wise based on the total Pay+DA amounts of the respective years and indicated below:

(**₹ in lakhs**)

Description	Amount of provision already made in the Annual Accounts	Additional impact of wage revision paid in May 2010
2006-07 (i.e. from 1.1.2007 to 31.3.2007)	450.00	253.02
2007-08 (12 months)	1800.00	1097.85
2008-09 (12 months)	2400.00	1243.40
IR amount paid and adjusted against provision	-1460.00	
TOTAL wage revision arrears from 1.1.2007 to 31.3.2009	3190.00	2594.27

The above said additional amount of arrears together with the arrears for 2009-10 of ₹ 35.98 crores, the contribution to GLES of ₹ 31.30 crores and the arrears of CHD ₹ 7.75 crores totalling to ₹ 100.97 crores have been deducted from MGA expenditure of ₹ 193.67 crores reported in the draft annual accounts for 2009-10.

(xvii). **Bifurcation of Pension arrears**:

The details of bifurcation of provision for pension arrears amount of ₹ 2150.00 lakhs for the period from 1.1.2007 to 31.3.2009 is given below:

(**₹ in lakhs approximate**)

2006-07 (i.e. from 1.1.2007 to 31.3.2007)	₹ 250.00
2007-08 (12 months)	₹ 990.00
2008-09 (12 months)	₹ 910.00
TOTAL pension arrears from (1.1.2007 to 31.3.2009)	**₹ 2150.00**

The pension arrears have actually been paid in June-July, 2010 which worked out to ₹ 2507.45 lakhs and the year wise breakup is as indicated below:

(**₹ in lakhs**)

2006-07 (i.e. from 1.1.2007 to 31.3.2007)	₹ 297.00
2007-08 (12 months)	₹ 1151.37
2008-09 (12 months)	₹ 1059.08
TOTAL pension arrears from (1.1.2007 to 31.3.2009)	**₹ 2507.45**

16.1. In the meanwhile, the Visakhapatnam Stevedores' Association (VSA) vide letter dated 22 December 2010 has brought out certain billing issues concerning the VPT. The main points made by VSA are:

(i). They have expressed grievance due to some unauthorized billing by VPT with reference to dredging and spillage charges for cargo, charges for damages to wagons and penal charges (demurrage) for non clearance of cargo at inner harbour berths.

(ii). When cargo is shifted from vessels there are some spillages and these spillages are recovered when the berths are dredged. The VPT is imposing cost of such dredging as spillage charges to the vessels. The Scale of Rates (SOR) of VPT does not specify rates for such items.

(iii). VSA has expressed their protest against such billing on the ground that this billing tantamounts to double recovery as the dredging charges are being recovered by the port already through vessel related charges like berth hire or pilotage.

(iv). Further, bills raised by the VPT levying charges for damage to wagons and demurrage charges on cargo at inner harbour berths appear to be without gazette notification by TAMP.

(v). VSA has enclosed copies of bills in support of their representation and has requested TAMP to issue suitable instructions to VPT in this regard.

16.2. The SOR of the VPT approved by the Authority in May 2006 prescribes demurrage charges on cargoes not removed from the wharf. The SOR does not prescribe any charges for spillage of cargo or charges for damage to wagons. The communication received from VSA was forwarded to VPT with a request to examine the points made by the VSA and furnish its comments and also clarify the tariff arrangement under which the said charges are levied which does not have approval of TAMP. The port has not furnished its response on the points made by VSA.

17. The VPT has subsequently vide email dated 8 February 2011 forwarded a statement of rationalized vessel related charges at revenue neutral position.

18. The VPT vide letter dated 9 February 2011 has stated that VPT anticipates commissioning of SPM in 4^{th} quarter of 2010-11 and accordingly, the crude imports are considered from 4^{th} quarter of 2010-11, in the ratio of 70:30 at SPM and OSTT.

19. 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.

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

(i). The original proposal filed by the Visakhapatnam Port Trust (VPT) dated 26 May 2009 has been revised by the port vide its letter dated 26 August 2010. In the revised proposal, the port has proposed to rationalise the vessel related charges to comply with the provisions in the tariff guidelines of 2005 combined with reduction in the wharfage rate for crude and POL products and increase in the wharfage rate of iron ore and iron ore pellets. In view of the objections raised by the users/ user associations the port has subsequently reviewed and attempted to smoothen the tariff burden arising from the proposed rationalisation in the berth hire charge vide its letter dated 24 November 2010. The revised proposal filed by the VPT vide letters dated 26 August 2010 and 24 November 2010 along with submissions made by the port during the processing of the case is considered in this analysis.

(ii). (a). Clause 2.8.3 of the tariff guidelines requires the revenue share receipts should be first utilised to meet the cost of surplus labour and thereafter atleast 50% of the royalty receipts should be transferred to the Escrow Account after meeting the cost of surplus labour and to utilise the funds from Escrow Account for the purpose of creation and/ or modernisation of the port infrastructure facilities within a period of five years.

In the last tariff revision Order which was based on the estimates for the years 2006-07 to 2008-09, the VPT had proposed to transfer the entire annual revenue share/ royalty receipts to the Escrow Account and had agreed to utilise it for the purposes stated in the tariff guidelines within the stipulated time. The last Order relied on the proposal of VPT subject to the condition that the entire accrual will be added back to the revenue of the port trust if it is not utilised for the stated purpose within the time stipulated in the guidelines.

As against the above approach followed in the last tariff Order, the VPT in the cost statement filed by it has transferred 50% of the royalty/ revenue share received during the years 2006-07 to 2009-10 to Escrow Accounts and the balance 50% is treated as revenue. It has followed the same approach for the future period 2010-11 to 2012-13.

(b). When sought clarification for following a different approach from the last tariff Order which envisaged 100% transfer to the Escrow Account, the VPT has clarified that since it could not identify and utilize the funds available for the purpose of creation/ modernization of port infrastructure facilities, it proposes to transfer 50% of the revenue share receipts to Escrow Account and to treat 50% as the revenue.

The Port Trusts have the liberty to transfer the royalty receipts to Escrow Account subject to the minimum of 50%. The revised position followed by the VPT complies with the tariff guidelines and hence accepted for the year 2009-10 and for the projections 2010-11 to 2012-13. 50% of the royalty/ revenue share receipt is transferred to the Escrow account as per the tariff guideline and the balance 50% has been considered as income of the port in this analysis for the years 2009-10 to 2012-13.

For the past period 2006-07 to 2008-09, however, the entire revenue share/ royalty receipts reported in the Annual Accounts is transferred to the Escrow Account maintaining the position followed in the last tariff Order.

(c). For the years 2010-11 to 2012-13 the VPT has estimated the royalty/ revenue share from the existing BOT operators, Vizag Seaport Limited and Visakha Container Terminal Limited as well as revenue share expected to accrue from the year 2012-13 with reference to the various BOT Projects awarded but not commissioned. The royalty / revenue share estimated by the VPT from the VSPL and the VCTPL for the years 2010-11, 2011-12 and 2012-13 are ₹ 403.62 lakhs, ₹ 423.67 lakhs and ₹ 478.68 lakhs respectively. The actual revenue share/ royalty received by the port for the nine months period i.e. April to 31 December 2010 is reported at ₹ 495.98 lakhs. The income from royalty/ revenue share for the year 2010-11 is considered at ₹ 661.30 lakhs based on actuals furnished by the VPT for nine months prorated for the full year. For the subsequent two years 2011-12 to 2012-13 also, it is considered at ₹ 661.30 lakhs. The estimate of revenue share with reference to the five projects awarded/ proposed to be awarded by the VPT on PPP basis are expected to accrue from 2012-13. In this context, the port had earlier estimated ₹ 6636.02 lakhs which is scaled down to ₹ 5527.45 lakhs on the grounds that the BOT project at WQ-7 & WQ-8 may not materialise in the year 2012-13 as the same needs to be revisited by the port. Relying on the position reported by the VPT, the revised revenue share estimated by VPT with reference to the new BOT projects is considered in the year 2012-13.

(d). During the period 2006-07 to 2009-10, the port has not shown withdrawal of any funds from the Escrow Account to meet the capital expenditure for creation / modernization of port infrastructure facilities. The port has proposed to assign ₹ 132.35 lakhs from the Escrow Account in the year 2010-11 to meet part of the capex relating to strengthening of R&D yard and ₹ 200.40 lakhs in the year 2011-12 for improvement in port roads. The port has, however, not made suitable adjustments while allowing return on capital employed in respect of these assets proposed to be funded from the Escrow Account.

The guidelines clearly stipulates that the transfers made to the Escrow Account has to be utilised within five years period. Hence, the royalty receipts transferred to the Escrow Account in the year 2005-06 to the extent of ₹ 97.76 lakhs is to be utilised within five years period i.e. 2009-10. Like wise, the royalty receipts transferred to the Escrow Account in the years 2006-07 to 2008-09 to the tune of ₹ 141 lakhs ₹ 243.67 lakhs and ₹ 294.91 lakhs are considered to be deployed to meet the capex in the years 2010-11 to 2012-13.

In the absence of any information about deployment of funds from the Escrow account furnished by the VPT for the year 2009-10, the funds pertaining to the transfers made to the Escrow Account in the year 2005-06 are considered to partly meet the capital expenditure on dredging incurred in the year 2009-10.

Transfer made to the Escrow Account in the year 2006-07 is to the tune of ₹ 141 lakhs which is considered to meet the capex for strengthening of R&D yard in the year 2010-11 as against ₹ 132.35 lakhs considered by the port.

Of the royalty receipt of ₹ 243.67 lakhs earned in the year 2007-08 which is considered to be transferred to Escrow Account, ₹ 200 lakhs is proposed to be utilised by the VPT from Escrow Account to meet the investment proposed for road improvement in the year 2011-12. In our analysis the remaining balance pertaining to the royalty receipt in the year 2007-08 is considered to meet the second stage deepening in our analysis.

For the year 2012-13, the port has not identified any capital expenditure to be met from funds in the Escrow Account. In our analysis, the fund transfer pertaining to the year 2008-09 made to the Escrow Account is assigned to meet the capex relating to third stage deepening envisaged in the year 2012-13. The balance in the Escrow Account at the end of the financial year 2012-13 after the above adjustments will be to the tune of ₹ 4014.35 lakhs.

(e). The year-wise details of the actual inflows and outflows for the period from 2006-07 to 2009-10 and estimated position for the years 2010-11 to 2012-13 regarding the royalty / revenue share receipts and investment from the Escrow Account are tabulated below:

(**₹. in lakhs**)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1. Royalty / revenue share Receipts	141.00	243.67	294.91	517.35	661.30	661.30	6188.75
2. Opening balance in Escrow Account	97.76	238.76	482.43	777.34	938.26	1127.91	1214.89
3. Entire royalty receipts transferred to escrow account till 2008-09 as per the last tariff Order. From the years 2009-10 to 2012-13, 50% Revenue share transferred to Escrow Account	141.00	243.67	294.91	258.68	330.65	330.65	3094.37

4. Withdrawal from Escrow Account for creation of infrastructure assets	0.00	0.00	0.00	97.76	141.00	243.67	294.91
5. Closing Balance (2+3-4)	**238.76**	**482.43**	**777.34**	**938.26**	**1127.91**	**1214.89**	**4014.35**

(iii). (a). The existing Scale of Rates of VPT was approved in May 2006 relying on the estimated position for the years 2006-07 to 2008-09.

(b). Clause 2.1.3 of the tariff guidelines mandates review of the actual physical and financial performance of the port at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff.

(c). The approach followed to analyse the estimated position in the last tariff Order is adopted to assess the actual net surplus / deficit for the years 2006-07 to 2008-09. The last tariff Order considered the cost position excluding the railway and the estate activity and the same position is maintained while analysing the actuals. The analysis for the past period is explained below:

- The income estimates for the years 2006-07 to 2008-09 considered by the VPT are adjusted with reference to the impact of rationalisation in the vessel related tariff allowed by the said Order for a like to like comparison.

- The wharfage rate for crude is prescribed at ₹ 57.50 per kl (i.e. ₹ 67.74 per tonne) in the Scale of Rates of the VPT. As against the prescribed rate, port has allowed concession in wharfage rate of crude to the HPCL at ₹ 39 per tonne from the year 2007-08 onwards and the revenue reported in the Annual Accounts considers the consequential effect of concession granted. For the purpose of analysis of the past period, revenue realisable as per the approved tariff can only be considered and, therefore, the reduction in the revenue due to the concessions granted by the VPT at its discretion is not considered.

- Consequent to merger of the Visakhapatnam Dock Labour Board with the VPT in September 2008, the income and the expenditure relating the Cargo Handling Labour Division are merged with the Annual Accounts of the VPT. The tariff determination for CHLD has been carried out by this Authority in a separate exercise and hence the income and the expenditure relating to the CHLD are excluded based on the position reported by the VPT.

- Interest income and interest expense, VRS exgratia payment under the head Finance and Miscellaneous Income and Finance and Miscellaneous Expense are excluded maintaining the position followed in the last tariff Order.

- The last tariff Order considered the pension payments amongst other expenses under the head Finance and Miscellaneous Expense. The VPT has in the cost statement considered pension payments as well as the contribution made to the Pension Fund. The port has clarified that since there is a short fall in pension fund from the actuarial valuation of pension liability in respect of employees on rolls and also in respect of pensioners, the monthly pension payments of the pensioners are required to be met from revenue account only. It has confirmed that the Pension payments reflected in Annual Accounts are the payments pertaining to those pensioners mainly with reference to retirements prior to 2002-03 for which the fund is not built up. In view of the above position explained, it has requested to consider pension payments made for the pensioners from revenue account till the pension fund is built up to meet such liability as well as contribution to the pension fund. It is notable that the above position was not brought out by the VPT during the last tariff revision. In view of the position now explained by the port, while analysing the actual position, the pension payments met from the revenue account due to short fall in the pension fund balance and the contribution to the Pension fund are considered while analysing the position for the past period. In any case this approach will not have any impact as the entire revenue surplus assessed for the years 2006-07 to 2008-09 is being transferred to augment the pension fund.

- The treatment given to the royalty / revenue share receipts is done as explained in the preceeding paragraph.

- The port has excluded ₹ 2594.27 lakhs and ₹ 2150 lakhs from the actual expenditure reported in the year 2009-10 as it pertains to wage revision arrears and pension arrears for the past period.

  It is notable that during the last tariff revision, the impact of the then expected wage revision was factored in the estimates considered in the last tariff Order for the years 2006-07 to 2008-09. That being so, the actual impact of wage revision furnished by the VPT in each of the years is recognised while analysing the actual position.

- The VPT has not calculated working capital based on clause 2.9.9 of the tariff guidelines for the years 2006-07 to 2009-10. The current assets in terms of Debtors, Inventory and Cash balances are worked out by us as per the norms stipulated in the guidelines. The items of current liabilities corresponding to the current assets are considered as reflected in the Annual Accounts. The figures of working capital so derived turns out to be negative. As a result, the working capital is considered as NIL.

- For the years 2006-07, 2007-08 and 2008-09, the closing block of assets as shown in the annual accounts for the respective years has been considered as net block of assets. As explained earlier, the part of capital expenditure relating to dredging in the year 2009-10 i.e. to the tune of ₹ 97.76 lakhs is considered to be met from the Escrow fund. Accordingly, the closing value of net fixed assets as reported in the Annual Accounts for the year 2009-10 has been reduced after providing for depreciation for the purpose of allowing return.

- The port has furnished classification of assets into business assets, business related assets and social obligation assets for the port as whole. It has, however, not furnished such classification for cargo handling and port and dock facility which formed the basis for last tariff revision. The business related assets and the social obligation assets mostly pertain to the estate activity as per the activity wise asset classification furnished for the year 2009-10. That being so, ratio of such asset classification furnished for the year 2009-10 is applied to the past period to assess the business assets and business related assets for the cargo handling and the Port and Dock facility.

(iv). The designed capacity as furnished by VPT is 58.5 Million tonnes, 61.15 Million tonnes and 62.23 Million tonnes each for the year 2006-07 to 2008-09. This includes the capacity of BOT berths. Taking into account the actual traffic handled by VPT (excluding traffic of BOT berths) during the said years, the capacity utilization with reference to the total designed capacity of the port works out to 90.33%, 96.5% and 93.07% during the years 2006-07 to 2008-09 respectively. If the capacity utilization is computed with reference to the designed capacity exclusively of the port (excluding BOT berths) the capacity utilization could be still higher. Since the capacity utilization is more than 60%, the Return on Capital employed is calculated @ 15% ROCE on the business assets and 6.35% on business related assets as allowed at the level in the last tariff Order for the years 2006-07 to 2008-09. For the year 2009-10, 16% return on business assets and 8.17% for business related assets is allowed. The social obligation assets do not attract any return as per the guidelines.

(v). (a). A summary of the comparison of the actuals vis-à-vis the estimates considered in the last tariff Order is tabulated below:

Particulars	**Aggregate for the years 2006-07 to 2008-09 in absolute terms (₹ in lakhs)**		**Variation in %**
	Estimates as per tariff Order	**Actuals**	
Traffic (in lakh tonnes)	1676	1697.78	1.3%
Operating Income	126485*	140460	11.0%
Total Expenses (including depreciation)	80643	88656	9.9%
Surplus before Return (Average)	45841	51804	13.0%
Capital Employed (Average)	56935	53789	-5.5%
Return on Capital Employed	25621	24203	-5.5%
Net Surplus after ROCE	20221	27601	36.5%

* The operating income estimates are updated to reflect the effect of reduction in revenue due to rationalisation in the vessel related charges prescribed in the last tariff Order.

(b). The VPT has earned an additional surplus of ₹ 17555 lakhs, ₹ 19226 lakhs and ₹ 15024 lakhs aggregating to ₹ 51804 lakhs for the years 2006-07 to 2008-09. The average of the actual surplus is seen to be ₹ 17268 lakhs. If the average actual surplus is seen as a percentage of average actual capital employed of ₹ 53789 lakhs for the said three years, it works out to 32.1%. The above details are given in the following table:

(**₹ in lakhs**)

Particulars	**2006-07**	**2007-08**	**2008-09**	**Average**
Actual Surplus before Return earned by VPT	17555	19226	15024	17268
Actual Capital Employed	53786	53424	54157	53789
Actual Return earned on capital employed	32.6%	36.0%	27.7%	32.1%

As brought out earlier, in the last general revision Order, maximum return of 15% was allowed for the years 2006-07 to 2008-09. The actual return achieved by the VPT during the said three years is found to be 32.1%, as shown in the above table.

During the last tariff revision, total revenue surplus of ₹ 213 crores for the years 2006-07 to 2008-09 was quantified. After considering the effect of rationalisation in the vessel related tariff and reduction effected in wharfage charge of a few cargo items at ₹ 11 crores, this Authority had ordered to transfer the balance ₹ 202 crores to augment the Pension Fund balance. As against the above position, the actual surplus assessed for the corresponding period is ₹ 276.01 crores. Of this revenue surplus port has reported that ₹ 80.70 crores was transferred to augment the Pension Fund. The balance revenue surplus available is ₹ 195.31 crores. The entire actual surplus assessed for the past period 2006-07 to 2008-09 is considered to have been transferred to augment the Pension Fund in line with the decision followed in the last tariff Order which was based on the estimated position. The pension fund position is analysed in the subsequent part of the analysis.

(vi). The validity of the existing Scale of Rates of VPT was extended beyond 31 March 2009, subject to the condition that the surplus over and above the admissible cost and permissible return accruing to VPT for the period after 1 April 2009 will be set-off fully, in the tariff to be fixed for the next cycle. The cost statement for the year 2009-10 is prepared following the approach explained in the preceeding paragraph for the past period. As per the cost statement, the VPT has earned an additional surplus to the tune of ₹ 7695.44 lakhs over and above the admissible cost and permissible return, during the year 2009-10 from the cargo handling activity and port and dock activity.

After excluding the contribution of ₹ 940 lakhs made by the VPT in the year 2009-10 to augment the Pension Fund from the revenue surplus, the balance revenue surplus is ₹ 6755.44 lakhs. The actual surplus assessed for the year 2009-10 along with the surplus estimates for the year 2010-11 is fully adjusted over the two years 2011-12 and 2012-13 before deciding the quantum of increase in the tariff for those years which is explained in the subsequent part of the analysis.

(vii). The traffic projection as per the 11th five year plan is 73.90 Million Tonnes (MT) and 82.20 MT respectively for the years 2010-11 and 2011-12 which in terms of percentage works out to 18% and 11% for the years 2010-11 and 2011-12 over actuals / estimates of the respective previous years. The business plan of the VPT prepared in February 2007 envisages the port traffic at 72.80 MT, 78 MT and 89.70 MT for the years 2010-11 to 2012-13 respectively. In terms of percentage, the growth in traffic was projected at 17%, 7% and 11% for the years 2010-11 to 2012-13 over the actuals / estimates of the respective previous years. It is notable that this traffic projections in the business plan include the traffic of the BOT operators also.

The actual traffic handled by the VPT (excluding the traffic handled by the BOT) operators during the year 2009-10 is reported at 573.97 lakhs tonnes. As against this, the traffic for the port (excluding the BOT traffic) is projected at 571.90 lakhs tonnes, 615 lakhs tonnes and 685.60 lakhs tonnes for the years 2010-11 to 2012-3 respectively.

The port has stated that the traffic projections are based on the latest indications of major users for principal cargoes and in respect of other cargo items the projections are worked out based on the latest trend. Based on the clarification furnished by the VPT, the traffic projections made by the VPT is relied upon for the purpose of this analysis for the years 2011-12 and 2012-13 subject to modification in the traffic projection for the year 2010-11 reckoning the actual traffic handled by the VPT for nine months upto December 2010.

The VPT on our request has furnished the actual traffic handled by the port for the year 2010-11 for nine month period upto December 2010 at 434 lakhs tonnes. The annual traffic for the year 2010-11 extrapolating the nine months actual traffic works out to 578.67 lakhs tonnes as against 571.90 lakhs tonnes estimated by the VPT. The traffic projections for the year 2010-11 is therefore modified and considered at 578.67 lakhs tonnes. The additional traffic is considered for the fertiliser cargo based on the actuals reported by the port.

Subject to above modification of the traffic projection for the year 2010-11, the growth projected is 0.8% in 2010-11, 7% and 11% in 2011-12 and 2012-13 respectively. It is observed that the traffic growth estimated by the VPT for the years 2011-12 and 2012-13 more or less matches with the growth projected in the business plan in terms of percentage growth with reference to the prorated actuals traffic handled in the year 2010-11.

Subject to above modification, the traffic projections made by the VPT is relied upon for the purpose of this analysis. However, if any undue advantage is found to have accrued to the VPT due to wrong estimation, adjustment will be made in the tariff at the time of next review of tariff in line with the revised tariff guidelines.

(viii). (a). The VPT has stated that it has considered a foreign exchange rate of ₹ 46.26 per US$ to estimate the dollar denominated vessel related income. In respect of the income estimates from dollar denominated tariff items the exchange rate prevailing at the time of analysis of the case, is considered uniformly for estimation of income from dollar denominated tariff items, for all the years under consideration.

Since the major part of the financial year 2010-11 is already over, and since the actual dollar exchange rate is known, the vessel related income from the foreign going vessels for the period from April 2010 to January 2011 is assessed based on the average exchange rate of ₹ 45.65 per US$ obtained for the said period. For the period thereafter, an exchange rate of ₹ 45.77 per US$ is considered as prevailing at the time of concluding the analysis of this case. The exchange rate of ₹ 45.77 per US$ is also considered for determining the vessel related income from the foreign going vessels for the years 2011-12 and 2012-13.

(b). The port has confirmed that income estimates are made at existing tariff for the years 2010-11 to 2012-13 except for Crude oil for which concessional wharfage agreed by the port with HPCL from 1.4.2007 is considered. The wharfage income with reference to crude traffic of HPCL estimated at 90 lakhs tonnes per annum is estimated at the concessional wharfage rate of ₹ 39 per tonne as against ₹ 57.50 per kl (₹ 67.74 per tonne) prescribed in the Scale of Rates of the VPT. It is necessary to arrive at the cost position with reference to the existing rates prescribed in the Scale of Rates before deciding on tariff adjustments. Hence while preparing the revised cost statement, reduction in the revenue to the tune of ₹ 2586.60 lakhs per annum projected by the VPT is not considered for each of the year 2010-11 to 2012-13.

(c). Consequent to modification done in the traffic projections for the year 2010-11, the cargo handling income with reference to fertilizer cargo is modified and increased by ₹ 186.18 lakhs.

(d). The port has estimated the income from fishing harbour activity at ₹ 558.92 lakhs per annum for the years 2010-11 to 2012-13 as against actual income from this activity reported at ₹ 362.64 lakhs in the year 2009-10. It has subsequently clarified that it does not expect any increase in traffic in this activity and hence income estimation from fishing harbour is erroneous and needs to be corrected. Based on the clarification furnished by VPT, the income from fishing activity for the years 2010-11 to 2012-13 is maintained at the actual level reported for the year 2009-10. The income from the fishing harbour activity is considered as part of the main cargo handling activity, the port and dock activity and estate activity at the level reported in the year 2009-10 instead of separate entry shown by the VPT in the cost statement.

(e). As per the revised guidelines for tariff fixation, the revenue share / royalty receivable from the BOT operators is to be first applied to meet cost of surplus labour, if any, and thereafter at least 50% of the balance should be maintained in an Escrow Account for the purpose of creation and / or modernisation of the port infrastructure facilities within a period of five years.

Royalty / revenue share receivable by the VPT from the BOT operators Visakha Container Terminal Private Limited and Vizag Seaport Limited and the other BOT operators are considered as explained in the preceeding part of the analysis.

(f). The port has informed that it has announced a Trade Policy for extending concessional tariff to encourage imports/ exports through port of Visakhapatnam and has furnished the impact thereof with a request to reckon it in the tariff fixation process. The discount proposed to be allowed by the port on the volume of cargo to be handled by the users is beyond the scope of the proposed SOR. Hence the impact thereof cannot be considered in this analysis. In any case the VPT has the flexibility to grant concession on the ceiling rates approved by this Authority if they so desire based on its commercial judgement.

(g). Subject to above modification the estimated cargo handling income works out to ₹ 31470.97 lakhs, ₹ 32730.30 lakhs and ₹ 38224.77 lakhs for the years 2010-11 to 2012-13 respectively and the vessel related income works out to ₹ 20532.38 lakhs, ₹ 23269.62 lakhs and ₹ 22523.47 lakhs which is considered in the cost statement.

(h). As regards the estate income it is observed that the VPT has estimated the rental at uniform level of ₹ 3462.30 lakhs per annum for all the three years 2010-11 to 2012-13. The estate income is subject to annual escalation of 2% per annum as per the Government guidelines on the land policy and hence the income estimation is modified to give effect of the annual escalation.

The VPT has estimated the income from lease rental likely to accrue from the new PPP projects awarded/ to be awarded to BOT operators at ₹ 797 lakhs in the year 2012-13. Subsequently, it has clarified that the PPP projects relating to privatisation of WQ7 and WQ8 berth are to be revisited and hence the lease rental estimated at ₹ 459 lakhs from these two berths may not materialise in the year 2012-13. Though the VPT has indicated the lease rental likely to accrue from the new BOT operators, the cost statement prepared by VPT does not capture its effect. In the cost statement prepared by us, lease rental income of ₹ 338 lakhs is considered in the year 2012-13 based on the revised position intimated by the VPT. Subject to above modification the estate income considered in the cost statement is ₹ 3905.54 lakhs in 2010-11, ₹ 3974.79 lakhs in 2011-12 and ₹ 4383.42 lakhs in the year 2012-13.

(ix). Clause 2.5.1. of the revised tariff guidelines requires that the expenditure projections of the major ports / terminal operators should be in line with traffic adjusted for price fluctuations with reference to current movement of Wholesale Price Index (WPI) for all commodities as announced by the Government of India. Annual escalation of 3.76% is adopted for dealing with the tariff revision proposals considered during the year 2010-11. Annual escalation applied by the VPT for estimating most of cost items like power cost, fuel cost, repairs etc., are found to be within the permissible level and hence accepted without any modification. The annual escalation applied by the VPT with reference to salaries and wage cost is at 7% per annum. The annual escalation in respect of management and general overhead and the other expense pertaining to hire of tugs are also found to higher than the permissible level. The analysis in respect of these cost items and our observation and modification with reference to other items of expense are explained here under:

(a). The estimate of salary and wage cost is estimated to increase by 7% per annum for the years 2010-11 to 2012-13 despite the port estimating the work strength to reduce by 1.5% in the each of first two years i.e. 2010-11 and 2011-12. The port has explained that increase in expenditure on account of salaries and wages is considered @ 7% per annum based on the past experience considering annual increment of 3% and increase in D.A. points of 4.10%. In our analysis, the annual escalation is restricted at the stated level of 3.76%.

The actual salary expenses for the year 2009-10 reportedly capture the impact arising out of the implementation of the wage revision of Class III and IV employees and officers except the impact of the cafeteria approach to the officer. The actual salaries and wages for the year 2009-10 is taken as the base to derive the average cost per employee. The salary and wage cost for the year 2010-11 is estimated allowing 3.76% escalation in the average cost per employee and also adjusted for reduction proposed in the staff strength. The same approach is followed for estimating the salaries and wage cost of the subsequent years.

The port has not considered in the cost statement the effect of the cafeteria approach of allowances approved for Officers in the recent Pay Revision which was implemented by the port with effect from August 2010. The port has indicated the annual effect of the cafeteria approach at ₹ 720.81 lakhs for the years 2010-11 for eight months period from August 2010 to March 2011. For the subsequent years, effect for the full year is considered before allowing annual escalation of 3.76% per annum. Accordingly, the impact of cafeteria approach considered for the years 2011-12 and 2012-13 is ₹ 1121.87 lakhs and ₹ 1164.05 lakhs respectively.

(b). The cost items 'other' under the head other expenses shows a steep increase from ₹ 174.19 lakhs reported in the year 2009-10 to ₹ 1980.37 lakhs in 2010-11, ₹ 2887.15 lakhs in 2011-12 and ₹ 2894.16 lakhs in 2012-13.

When sought clarification for steep increase in this item of expense, the port has clarified that it captures a provision of ₹ 1800 lakhs towards deployment of 2 Nos. private tugs on hire from August 2010 to augment the tug power for the increased shipping movements. The increase in this item of expense in the subsequent years 2011-12 and 2012-13 is also on the same account but the impact for the full year is considered. The port has forwarded a copy of the hiring contract dated 29 July 2010 awarded by the port to substantiate its estimates. As per the copy of the contract, the hire charges payable by VPT for two tugs is ₹ 1193.53 lakhs per annum. Fuel and oil @ 185 litres/ hour for the first tug and 200 litres / hour for the second tug for 20 hours a day are to be supplied by the port separately. Based on the above position and considering the unit cost of fuel at ₹ 39 per litre, the port has furnished detailed working estimating the cost of hiring the two tugs at ₹ 2289.62 lakhs per annum. The estimate furnished by the port is relied upon based on the documentary evidence produced by the port. For the year 2010-11, the cost is considered proportionately for eight months based on the position reported by the port that the tugs were deployed from August 2010. For the years 2011-12 and 2012-13, it is considered at the level estimated by the VPT subject to considering the annual escalation in the unit cost of fuel at 3.76% per annum. The annual escalation in other expenses other than cost of hire of tug is restricted to 3.76% per annum.

(x). Repairs and maintenance cost is estimated by the port applying 3.76% on the actuals/ estimates of the respective previous years. Whilst the approach followed by the port may capture the repairs and maintenance cost in respect of the existing assets, the repairs and maintenance on the new additions proposed to the gross block is not considered by VPT. The port has proposed addition to the gross block of assets to the tune of ₹ 4930 lakhs in the year 2010-11, ₹ 30790 lakhs in 2011-12 and ₹ 55898 lakhs in the year 2012-13 which is modified and considered at ₹ 37678 lakhs in our analysis for reasons explained in the subsequent part of the analysis. The actual repairs and maintenance cost is around 3% of the gross block of assets for the past two years 2008-09 and 2009-10. Recognising that the additions proposed to gross block are new assets, in order to take care of incremental repairs and maintenance cost on the proposed assets to be created in this cycle, the repairs and maintenance cost is estimated at 1% on the civil assets and 2% of mechanical equipment and other assets with reference to the modified additions to gross block of assets considered in this analysis. For this purpose it is assumed that the asset will be deployed in the middle of the respective year and the repairs and maintenance for the new additions is estimated for six months period in the particular year when the addition is proposed. For the subsequent period, repair and maintenance is estimated for the full year.

(xi). The estimation of management and general overhead for the years 2011-12 and 2012-13 is estimated to increase by 5.5% and 9.6% over the estimates of the previous year. In our analysis, the annual escalation is restricted to 3.76% per annum over the estimates of the respective previous years. As stated earlier, the impact of cafeteria approach with reference to the salaries of officers forming part of the management and general overhead is considered in our estimation for the years 2010-11 to 2012-13. The expenditure on staff quarters for the year 2011-12 is also modified restricting the annual escalation at 3.76%.

(xii). The revised tariff guidelines require computation of depreciation on straight line method following the life norms adopted as per the Companies Act in case of major ports. As such, this Authority vide its tariff Order of May 2006 had advised VPT to estimate depreciation in line with Clause 2.7.1. of the tariff guidelines while it submits its tariff proposal during the next review of its Scale of Rates. The VPT has, however, computed the depreciation on assets based on straight-line method following the life norms prescribed by the Ministry of Shipping. The port has stated that the depreciation as per the Companies Act would be much higher than the depreciation provided by the port. The reasons cited by the port cannot be an excuse for not following the approach prescribed in the tariff guidelines of 2005. In this regard, it is relevant to note that some of the major ports like Mormugao Port Trust (MOPT), Jawaharlal Nehru Port Trust (JNPT) calculate depreciation based on the Companies Act. The VPT is advised to follow the tariff guidelines for computing the depreciation while formulating its next tariff review / revision proposal. In the mean while this Authority accepts the computation of depreciation as furnished by the VPT for this tariff validity period. Incidentally, the other major port trusts such as Kolkata Port Trust, Cochin Port Trust, Chennai Port Trust have also computed depreciation based on straight-line method following the life norms prescribed by the Ministry of Shipping which has been accepted in the recent tariff Orders.

(xiii). The Finance and Miscellaneous Income (FMI) excluding the interest income is estimated by VPT at ₹ 1158.74 lakhs in 2010-11, ₹ 1135.88 lakhs in 2011-12 and ₹ 1193.73 lakhs in 2012-13. The FMI estimated by VPT for the years 2010-11 to 2012-13 is found to be lower than the actuals reported in the past. The FMI income excluding the interest income as per the actuals reported in the annual accounts and the CHLD income is ₹ 1711.71 lakhs in 2007-08, ₹ 2063.35 lakhs in 2008-09 and ₹ 2929.07 lakhs in the year 2009-10. It is observed that the FMI income in the year 2009-10 shows an unusual sundry receipt ₹ 837.97 lakhs which is not reported in the previous year. If this item of one time receipt is excluded, the FMI income in the year 2009-10 will be ₹ 2091.12 lakhs. The average FMI income for the three years 2007-08 to 2009-10 is ₹ 1660.74 lakhs. The FMI income considered by the VPT for the years 2010-11 seems to be on the lower side with reference to the actuals reported for the past and port has not explained any reasons therefor. For the purpose of the analysis, the FMI income for the year 2010-11 to 2012-13 is considered at ₹ 1660.74 lakhs based on the past three years average FMI income.

(xiv). The Finance and Miscellaneous Expenditure (FME) estimated by the VPT is ₹ 16387.66 lakhs, ₹ 16591.54 lakhs and ₹ 17464.94 lakhs for the years 2010-11 to 2012-13 respectively. For reasons stated by the port which is explained in the preceeding part of the analysis, the port has considered contribution to the pension fund as well as pension payments proposed to be made from the revenue account due to short fall in the pension fund balance. The FME estimated by the VPT is accepted subject to excluding the exgratia payment being one time expense estimated. Accordingly, the modified FME considered in the cost statements is ₹ 16205.30 lakhs, ₹ 16341.19 lakhs and ₹ 17139.94 lakhs for the years 2010-11 to 2012-13 respectively.

(xv). (a). The VPT has proposed the additions to its gross block of assets for the years 2010-11 to 2012-13 to the tune of ₹ 49.30 crores, ₹ 307.90 crores and ₹ 558.98 crores respectively.

The status of various schemes/ projects undertaken/ proposed to be undertaken furnished by the VPT for the year 2010-11 shows that most of the projects are already completed or expected to be completed by October 2010.

With reference to additions to the gross block proposed during the year 2011-12 and 2012-13, the VPT has indicated the updated completion date for the major projects which is summarised below:

2011-12- Projects	Expected date of completion and the updated status in brief	Estimated cost (₹ in crores)
Second stage Deepening and widening of inner harbour entrance channel and turning circle draft from 11 mts. to 12.5 mtrs.	March 2011	70.00
Replacement of tractor tug Swarna and Natravathi	Delivery of tugs by April 2011 and July, 2011	83.20
Improvement and development of port roads	30 schemes of 34 completed. Remaining 4 schemes to be completed by April 2011	40.00
Improvement and development of port railway system	March, 2011	35.00
Environmental upgradation schemes	15 of 29 schemes completed. For remaining schemes, work in progress and expected to be completed by September 2011	38.00
Strengthening of East Quay Berths EQ5, EQ6, WQ1 to WQ3 to cater to 12.5.m draft vessels.	EQ5 and WQ1 berths are completed. Other berths to be completed by September 2011	35.20
Total for 2011-12		**301.40**
2012-13 Projects		
Third stage deepening and widening of inner harbour entrance channel and turning circle draft from 12.5 mtrs. to 14 mtrs.	In principle approval of Ministry received on 21.6.2010, EFC sent for approval of competent authority. Completion - June, 2012	244
Modernisation of (OHC) - Replacement of Stacker etc.,	September 2012	45.00
Procurement of Bucket wheel reclaimer	Fresh Tender to be invited. Completion March, 2012	16.41
Strengthening of EQ7, WQ4, and WQ5 berths to cater 12.5 m draft vessels.	To be taken up after completed of strengthening of 5 berths as Phase -I . Completion - March, 2012	18.00
Construction of WQ1 return end and WQ8 return end., Dev. of SL canal, Widening of EQ5 and EQ6 berths.	Scheme yet to be taken Completion – April 2012	33.37
Improvement of power supply system.	March, 2012	10.00
Information technology project.	March, 2012	10.00
Reconstruction of OR1 and OR2 berths to cater to 12.5 mtrs. in the Inner Harbour of VPT.	Draft technical feasibility for strengthening berth to 12.5 mtrs. received from IPA which is under examination. Completion - March, 2013	182.20
Total for 2012-13		**558.98**

Based on the status of the capex indicated by the port, the additions proposed to the gross block in the year 2010-11, 2011-12 and 2012-13 is accepted subject to moderation in the additions proposed to the gross block in the year 2012-13. The draft technical feasibility of the project relating to reconstruction of OR1 and OR2 is under the examination stage and the port envisages to complete this project in the fag end of this tariff cycle i.e. March 2013. Since the benefit of the proposed capital additions may not be reaped in the current tariff cycle, it is not found appropriate to burden the users with this capex in this tariff cycle. Hence the estimated capex of ₹ 182.20 crores relating to reconstruction of OR1 and OR2 is excluded from the additions proposed to the gross block in the year

2012-13. Consequent effect on the estimation of depreciation is considered. In case the reconstructed berth OR1 and OR2 is completed by VPT ahead of schedule and is made available to users for major part of the year 2012-13, the port may approach this Authority for ahead of schedule review.

(b). The cost statement prepared by the VPT considers the capital expenditure relating to third stage deepening at ₹ 2.44 crores instead of estimated expense of ₹ 244 crores. The typographical error pointed out by the VPT in its proposal is corrected. The estimation of depreciation is also suitably modified to that extent.

(c). The port has proposed various capital expenditure projects in the years 2011-12 and 2012-13. It is notable that 50% of the revenue share receivable from existing BOT operators Visakha Container Terminal Private Limited (VCTPL) and Vizag Seaport Private Limited (VSPL) and from the new BOT operators are transferred to the Escrow Account and the balance to the tune of ₹ 4014.35 lakhs are available in the escrow fund to meet the capex relating to the port infrastructure development. The port has proposed to assign ₹ 132.35 lakhs from the Escrow Account in the year 2010-11 to meet part of the capex relating to strengthening of R&D yard and ₹ 200.40 lakhs in the year 2011-12 for improvement in port roads. As stated earlier, capex to the tune of ₹ 141 lakhs, ₹ 243.67 lakhs and ₹ 294.91 lakhs during the years 2010-11 to 2012-13 respectively are considered to be met from the revenue share receipts transferred to Escrow Account during the years 2005-06 to 2008-09. The port has claimed return even on the capex proposed to be met from the Escrow account. In line with the stipulation in the tariff guidelines, the port is not entitled to claim return on assets proposed to be funded from Escrow Account. The position in respect to the Capital Employed considered by us in the cost statement for the purpose of allowing is given in the following table for the purpose of allowing return:

(**₹ in lakhs**)

Sr. No.	Particulars	2010-11 (Estimates)	2011-12 (Estimates)	2012-13 (Estimates)
A.	**Capital Employed at the end of the year**	**73374.01**	**99535.89**	**131835.94**
B.	**Utilisations from Escrow A/c**			
(i).	Assets funded from Escrow A/c. during the year	238.76	243.67	294.91
(ii).	Cumulative utilisation	238.76	482.43	777.34
(iii).	Less Depreciation during the year	5.69	12.80	15.75
(iv).	Cumulative depreciation	0.98	6.67	19.47
(v).	**Written Down Value of assets funded from Escrow A/c. (ii) - (iv)**	**232.09**	**462.96**	**742.12**
C.	**Balance capital employed qualifying for return [A-B (v)]**	**73141.93**	**99072.93**	**131093.82**

(d). The port has furnished the break up of business assets, business related assets and social obligation assets which is relied upon. Consequent to modification in the estimation of capital employed, the classification of assets into three categories also stands modified maintaining the ratio followed by the port.

(e). The working capital estimated by the VPT does not follow the norms prescribed in the guidelines. Further, the port has not excluded current liability from the estimation of current asset while estimating the working capital. Estimation of current assets following the norms prescribed in the tariff guidelines of 2005 and taking into account the current liability at 2009-10 actuals, the working capital of VPT becomes negative. As a result no working capital has been considered in the cost statements.

(f). The designed capacity is assessed by the port is 628.30 lakhs tonnes, 760.70 lakh tonnes and 1087.70 lakhs tonnes for the three years 2010-11 to 2012-13. The designed capacity of the port includes the capacity of the private terminal operators also. The traffic projections considered are 578.67 lakh tonnes, 615 lakh tonnes and 685.60 lakhs tones for the said three years and the BOT traffic is estimated at 83 lakh tonnes, 86 lakh tonnes and 87.90 lakh tonnes. Since the designed capacity excluding the capacity of BOT berth is not available the exact capacity utilisation cannot be determined. Nevertheless, even at the estimated traffic, the capacity utilisation of the port exceeds 60%. Hence the VPT is entitled for full return on capital employed. The port has computed the Return on capital employed at 16% for the entire capital employed. The rate of return fixed for the year 2010-11 is 16% for business assets and 8.4% for business-related assets hence the maximum permissible return of 16% for business assets and 8.40% for business related assets are considered for all the years 2010-11 to 2012-13. No return is allowed on social obligation assets as per the tariff guidelines.

(xvi). The cost statement for estate activity discloses a deficit position. This Authority has always held that port estate should be optimally and commercially exploited so that estate revenue can supplement the port's core functioning. The lease rent of the land belonging to the VPT was last approved by this Authority vide Order No.TAMP/41/2005-VPT on 22 April 2008 for the quinquennium 1998-2003 and 2003-2008 following the Government guidelines on land policy issued in March 2004. The lease rent approved by this Authority is due for revision but the port has not yet filed any proposal for revision of lease rental in line with the guidelines of the Government on land policy of major ports. The port has been alerted on several occasions that the lease rental is due for revision. The port is again advised to file the proposal for revision of estate following the government guidelines in this regard so that this activity can be self sufficient.

The revision of railway charges does not fall under the jurisdiction of this Authority. To recoup the deficit in railway activity, port has stated that suitable proposals are being filed before Railway Board. Though the consolidated cost statement shows the cost position for the port as a whole, for taking the final decision for tariff revision, cost position excluding the estate and railway activity are considered. It is notable that even during the last tariff revision the cost position relating the cargo handling activity and the port and dock facility were only recognised for determining the tariff increase to be allowed.

(xvii). A surplus of ₹ 6755.44 lakhs has been assessed for the year 2009-10 is already available as explained in paragraph 19(vi).

By the time this Order is implemented the year 2010-11 would also draw to an end. The cost statement reflects a deficit of ₹ 900.33 lakhs for the year 2010-11. The deficit is mainly attributable to the deficit in the railway activity and estate activity. If the deficit of ₹ 3877.02 lakhs in the railway activity and ₹ 242.00 lakhs deficit in the estate activity are excluded, the year 2010-11 reflects a net surplus to the tune of ₹ 3218.69 lakhs.

The entire aggregate surplus of 2009-10 and 2010-11 to the tune of ₹ 9974.13 lakhs are considered for adjustment over the years 2011-12 and 2012-13 in equal installments in line with the decision of this Authority in the Order dated 31 March 2010.

(xviii). The consolidated cost statement and main activity-wise cost statements for the years 2011-12 and 2012-13 have been modified in line with the analysis. The modified cost statements are attached as **Annex - I (a) to (f)**. The summarised position of the results disclosed by the financial/cost statements are tabulated below:

Particulars	Operating Income (₹ in lakhs)			Net Surplus(+)/ Deficit(-) (₹ in lakhs)			Net Surplus(+)/ Deficit(-) as a % of operating Income		Average Surplus/ Deficit %
	2011-12	2012-13	Total for 2011-12 and 2012-13	2011-12	2012-13	Total	2011-12	2012-13	
(i). Port as a whole	**70155.60**	**76163.57**	**146319.16**	**477.20**	**(-)1736.71**	**(-)1260**	**0.68%**	**(-)2.28%**	**(-)0.80%**
(ii). Cargo handling activity	32730.30	38224.77	70955.07	11827.03	15404.61	27231.64	36.13%	40.30%	38.22%
(a). POL activity **	11499.60	12041.60	23541.20	8602.81	8858.51	17461.32	74.81%	73.57%	74.19%
(iii). Port & Dock	23269.62	22523.47	45793.09	(-)6648.25	(-)12813.54	(-)19461.79	(-)29%	(-)57%	(-)42.73%
(iv). Railway	10180.89	11031.91	21212.81	(-)4485.34	(-)4056.73	(-)8542.07	(-)44.06%	(-)36.77%	(-)40.41%
(v). Estate	3974.79	4383.42	8358.20	(-)216.25	(-)271.05	(-)487.30	(-)5.4%	(-)6.2%	(-)5.81%
(vi). Port as a whole excluding railways and estate	**55999.92**	**60748.24**	**116748.15**	**5178.79**	**2591.07**	**7769.86**	**9.25%**	**4.27%**	**6.76%**

** The surplus reflected in the POL activity is before adjustment of the past surplus assessed for the years 2009-10 and 2010-11. The adjustment of past period surplus is considered in the cargo handling activity and the Port and Dock activity.

(a). It is evident from the table above that the port as a whole excluding the estate and railway activity show an average surplus of 6.76%. The cargo handling activity shows an aggregate surplus of ₹ 27232 lakhs for the two years 2011-12 and 2012-13 which cross subsidises the deficit in the vessel related activity and leaves a surplus pf ₹ 7769.86 lakhs.

(b). The VPT has also proposed to increase the wharfage rate for mechanised handling of iron ore and iron ore pellets by 15% and 16% respectively and for iron ore and iron ore pellets handled by conventional means the increase proposed is 82% and 94% respectively. In view of the overall surplus in the cargo handling activity, there is no case for allowing any tariff increase proposed by the port in the cargo handling activity.

(c). The port has proposed to reduce the wharfage rate for crude and POL products from existing ₹ 57.50 per kl (₹ 67.74 per tonne) to ₹ 39 per tonne for crude and ₹ 49 per tonne for POL products.

As stated earlier, the port is already offering concession in the wharfage rate of crude to HPCL at the proposed level since April 2007 as per the agreement entered by the port with the HPCL. The proposal now is to prescribe the reduced rate in its Scale of Rates. In view of the surplus in the POL activity and considering the submissions made by the VPT that proposed reduction is to avert diversion of crude traffic to other ports, the reduction proposed in wharfage rate for crude and POL products is approved.

The port has stated that it has entered into a Memorandum of Understanding (MOU) in March 2008 and another MOU dated 18 November 2010 with the HPCL for setting up of an SPM and for offering concessional wharfage rate for crude at ₹ 39 per tonne at port berths at ₹ 17 per tonne at SPM. The port has furnished the impact of reduced wharfage rate.

The wharfage rate for crude at SPM at ₹ 17 per tonne is a mutually agreed rate between the port and the HPCL. Though the port has furnished the impact thereof it has not proposed a separate rate in this regard in the Scale of Rates, but agreed for prescription of separate rate for SPM in its Scale of Rates. The mutually agreed wharfage rate for the crude handled at SPM at ₹ 17 per tonne is included in the Scale of Rates. The port has stated that it proposes to levy the vessel related charges for the SPM operations as prescribed in the Scale of Rates of the VPT. The MOU gives the list of vessel related charges mutually agreed by the port and HPCL. The port dues, pilotage, tug hire charge stated in the MOU are as prescribed in the existing Scale of Rates of VPT. The MOU clearly states that vessel related charges are subject to revision in tariff by TAMP from time to time. The charges for mooring, unmooring, allowance for refreshments and crew charges for on board stay of pilot stated in the MOU are ,however, not found to be prescribed in the existing Scale of Rates of the VPT. Nor the port has sought approval of these tariff items in the current tariff revision exercise. The tariff to be collected by the port trusts needs prior sanction of this Authority. The VPT is, therefore, advised to file a separate proposal to the extent the tariff items for SPM are not prescribed in its existing Scale of Rates along with the financial impact.

The MOU states that the SPM facility will be commissioned in March 2012 but the VPT vide fax dated 9 February 2011 has stated that the SPM is expected to be commissioned in the last quarter of 2010-11 and the SPM facility is already installed by the HPCL. Relying on the position reported by the VPT and recognising that the tariff to be approved will have prospective effect, the impact of the reduced wharfage rate for SPM is considered for the years 2011-12 and 2012-13.

While furnishing the impact of reduction proposed in the wharfage rate, the port has assumed that crude traffic to be handled by HPCL for the years 2011-12 and 2012-13 at 9.5 MTPA with the SPM option and as per agreement entered with HPCL the ratio of crude oil handling at SPM and OSTT is expected to be in the ratio of 70:30. The same is relied upon and considered in the analysis for determining the revenue impact of the proposed modification in the Scale of Rates.

The impact of reduction proposed in the wharfage rate for crude and POL products and separate wharfage rate for SPM for the years 2011-12 and 2012-13 is tabulated hereunder:

Particulars	**Existing wharfage rate (₹ per tonne)**	**Proposed wharfage rate (₹ per tonne)**	**Difference in the rate (₹ per tonne)**	**Traffic 2011-12**	**Traffic 2012-13**	**Reduction in the revenue for the years 2011-12 and 2012-13 (₹ in lakhs)**
1. Crude at port berth (30% of 9.5 MTPA)	67.74 *	39.00	-28.74	28.50	28.50	(-)1638.18
2. Crude at SPM (70% of 9.5 MTPA)	67.74	17.00	-50.74	66.50	66.50	(-)6748.42
3. POL products	57.50 per kl	49.00 per KL	-8.50	94.77 lakhs litres	104.13 Lakh litres	(-)1690.65
Total						(-)10077.25

* Existing Scale of Rates prescribes wharfage rate at 57.50 per KL. The port has converted into ₹ 67.74 per tonne.

The impact of the proposed reduction in the wharfage rate of crude and POL products and separate wharfage rate for SPM is estimated to be ₹ 100.77 crores for the two years 2011-12 and 2012-13.

It has to be recognised that the POL handling activity reflects a surplus of ₹ 174.61 crores for the years 2011-12 and 2012-13 even before adjustment of the surplus pertaining to the past period. Reduction in the wharfage rate now proposed by the VPT is to be seen as reduction in the flow of cross subsidy from POL which was hitherto enjoyed by the vessel related activity. It is notable that even after effecting the reduction proposed in the wharfage rate in the POL activity, it still will provide surplus funds to cross subsidise the other activity.

After considering the effect of reduction in the wharfage rate for crude and POL estimated to the tune of ₹ 10077.25 lakhs from the aggregate surplus assessed at ₹ 7769.86 lakhs, the port will be in an overall deficit to the tune of ₹ 2307.39 lakhs. This deficit is allowed to be bridged by granting an across-the-board increase of 5% in the vessel related tariff after rationalisation.

The port has attempted to rationalise the vessel related charges to comply with the provision of the tariff guidelines. There has been strong objections from the users / user associations on the rationalised tariff initially proposed by the port as it had significant impact on certain categories of vessels. Subsequently, on our request and in view of the objections raised by the port users, the port has attempted to smoothen the impact of rationalisation on the tariff. The port at our request has furnished a working of rationalised tariff at the neutral revenue position for port dues, pilotage and berth hire. The tariff increase of 5% is allowed on the rationalised vessel related tariff at the neutral revenue position furnished by the VPT which is explained hereunder:

(a). Port dues :

The existing Scale of Rates prescribes different rates of port dues for different categories of vessels. The port has proposed a single rate for all the category of vessels at US$ 0.262 per GRT for foreign going vessel. Recognising that the port dues is an entry fee, it is justified to prescribe a uniform rate irrespective of vessel category. The proposal of the port for prescription of uniform port dues is, therefore, accepted.

At the port dues originally proposed by the port, the increase for iron ore vessels mechanical handling was found to be 47%, 20% increase for POL vessel entering inner harbour and 4% increase for the residual category of vessels. Subsequently, the port has arrived at neutral revenue position with rationalised port dues which is modified by us to update the exchange rate and 5% hike is allowed thereof. The rationalised rate with 5% increase will result in 43% increase in case of iron ore vessels by mechanical handling which has been enjoying the lowest port dues so far and 16.73% increase in case of POL vessel entering inner harbour. For POL vessels entering the outer harbour there will be 3% reduction and around 2% increase for the residual category of vessels.

Though the impact of rationalised port dues is found to be higher for iron ore vessels, they get some relief in pilotage fee by around 16% to 18% reduction from the existing Scale of Rates which is explained in the subsequent paragraph.

(b). Pilotage fee:

As per the tariff guidelines of 2005, the pilotage fee need to be prescribed in three tier slabs with sliding rates for incremental GRT. The pilotage fee for the second slab i.e. 30,000 to 60,000 has to be prescribed at 80% of the first slab and for the third slab above 60,000 GRT it has to be prescribed at 70% of the first slab.

The existing Scale of Rates of the VPT prescribes different rates of pilotage fee for different categories of vessels and there are three slabs viz. upto 10,000 GRT, 10,000 to 30,000 GRT and above 30,000 GRT in respect of POL and residual category of vessel and two slabs viz. upto 40,000 GRT and above 40,000 GRT for iron ore vessel. In the rationalisation exercise carried out, the port has proposed uniform pilotage fee for all categories of vessels by doing away with existing separate pilotage fee for different categories of vessels. The pilotage structure proposed by the VPT in three slabs is in compliance with the stipulation in the tariff guidelines of 2005.

At the rates proposed by the port, it is observed that for the POL vessels the increase in the pilotage fee is in the range of 66% and 74% for vessels upto 10,000 GRT and 10,000 to 30,000 GRT vessels respectively. For the residual category, the increase is in the range of 58% and 51% for these vessel sizes. For vessels above 30000 GRT there is 8% and 16% reduction in POL and residual categories of vessels. For iron ore vessels it leads to 7% to 17% reduction from the existing rates.

The port has furnished the rationalised tariff at neutral revenue position. The statement furnished by the VPT is updated with the exchange rate of 1 US$ = ₹ 45.77 considered in this analysis and 5% increase thereon is allowed. At the rationalised tariff with 5% hike, the increase will be 32% to 38% in case of residual category of vessels and 52% and 46% increase in case of POL vessels for the first two slabs and 6% and 13% reduction in the last slab i.e. vessel above 30,000 GRT. In case of iron ore vessels, it will result in 16% to 18% reduction for different vessel size.

It has to be recognised that as per the guidelines sliding rates have to be prescribed for pilotage fee with increase in the GRT slab of vessels. Whereas in the existing Scale of Rates it is the reverse position in case of the POL vessels and the residual category of vessels where the pilotage fee increases with increase in the vessel size. In view of the above disparity in the existing Scale of Rates, rationalization in the pilotage fee and maintaining the differential in the pilotage fee for higher GRT vessels as per the provision prescribed in the tariff guidelines inevitably results in steep increase in some of the categories of vessels though the increase allowed is 5% in the overall revenue of the of port from vessel related tariff items.

(c). Berth Hire Charges:

The existing Scale of Rates of the VPT prescribes different berth hire charges for different categories of vessels. The existing berth hire is prescribed in three slabs for POL and residual category of vessels and two slabs in case of iron ore vessels.

As per the tariff guidelines of 2005, single rate of berth hire should be prescribed. The VPT had earlier proposed single rate of berth hire as against existing two/ three slabs. As the single berth hire rate proposed by the port resulted in steep increase, the users / users/ user associations had raised strong objections. The VPT was therefore advised to consider rationalisation in a gradual manner order to smoothen the tariff burden arising from the proposed rationalization.

The VPT acceding to the request made by users/ user associations has vide its letter dated 24 November 2010 attempted to smoothen the impact by proposing berth hire in two slabs i.e. vessels upto 30000 GRT and vessels above 30000 GRT in case of POL and residual category of vessels and for iron ore vessels the slab is upto 42000 GRT and above 42000 GRT based on the existing slab prescribed on DWT basis. At the revised rates proposed by the port in two slabs there was 179% increase in the berth hire for iron ore vessels of 70000 DWT and above and 114% increase in iron vessels below 70000 DWT. The increase in POL vessels and residual category of vessels is found to be in the range of 150% to 212% for vessels in the slabs 10,000 to 30,000 GRT and above 30,000 GRT and 17% to 46% increase for vessels upto 10,000 GRT.

The port has subsequently on our request furnished the rationalised tariff at neutral revenue position in case of berth hire also wherein the impact of rationalisation is further smoothened by the port. The statement furnished by the VPT is updated with the exchange rate of 1 US$ = ₹ 45.77 considered in this analysis and 5% increase thereon is allowed.

At the rationalised tariff with 5% hike, the increase in case of iron ore vessels will be 18.51% for vessels above 42000 GRT and there will be 9.30% reduction for iron ore vessels below 42000 GRT.

In case of POL vessels, the existing vessels below 10000 GRT will enjoy 47% reduction. There will be 22% increase in one of the predominant categories of POL vessel size in the range of 10000 to 30000 GRT and 4.5% reduction for another predominant category of POL vessels above 30000 GRT.

In the case of residual category of vessel, the port has continued to prescribe berth hire for crane berths and non crane berth separately as per the existing system in vogue. Rationalised tariff at revenue neutral position furnished by the port with 5% increase thereon will lead to reduction of 38% and 50% in the berth hire charge for residual category of vessels upto 10000 GRT at crane and non-crane berths respectively. For vessels in the existing second slab of the size 10000 to 30000, there will be 32% increase at crane berth and 7% increase in non crane berths. For vessels in the existing slab above 30000 GRT, the increase will be 6% at crane berths and 15% reduction in non crane berths.

(xix). This Authority in the last tariff Order had assessed the Pension Fund position based on the actuarial valuation as on 31 March 2005. The port has furnished the actuarial valuation of Pension Fund as on 31 March 2010. It is notable that this Authority in the last tariff Order had ordered to transfer ₹ 143 crores to augment the Pension fund based on the surplus assessed for the period upto 2005-06. Further, the surplus estimated to the tune of ₹ 202 crores based on the estimates of 2006-07 to 2008-09 were also ordered to be transferred to Pension Fund to augment the balance, The proposal of the VPT does not show that the port has transferred ₹ 143 crores revenue surplus assessed for the past period upto 2005-06 and the revenue surplus pertaining to the period 2006-07 to 2008-09 except ₹ 80.70 crores reportedly transferred in 2007-08 to augment the pension fund. As explained in the preceding part of the analysis, the actual surplus assessed for the years 2006-07 to 2008-09 is to the tune of ₹ 276.01 crores. Considering the effect ₹ 80.70 crores transferred by the port in the year 2007-08, the balance revenue surplus available is ₹ 195.31 crores which is transferred to the Pension fund in line with the decision followed in the last Order with reference to the estimated position. Accordingly, the pension fund position is explained below:

(**₹ in crores**)

(a).	Pension fund liability as per the actuarial valuation as on 31 March 2010	1338.06
(b).	Balance in the Pension fund as on 31 March 2010	812.23
(c).	Shortfall in Pension Fund (a-b)	525.83
(d).	Surplus for the past period from last general revision Order till 2005-06 ordered to be transferred in the 2006 Order	143.00
(e).	Actual Surplus for the years 2006-07 to 2008-09 transferred to augment the pension fund	195.31
(f).	Short fall in the Pension fund (c-d-e) which can be met from the interest on the fund balance likely to accrue in the next three years	187.52

The Port is advised to transfer ₹ 143 crores being the surplus assessed in the last Order and ₹ 195.31 crores being the actuals surplus assessed for the years 2006-07 to 2008-09 and furnish its compliance report within three months. The remaining shortfall of ₹ 187.52 crores can be met from interest likely to accrue on the pension fund balance.

(xx). The penal interest on delayed payments by the user and refunds by the port has been proposed by the port at 14.50%. In line with clause 2.18.2. of the tariff guidelines, the interest on delayed payments will be 2% above the Prime Lending Rate of the State Bank of India. The prevailing Prime Lending Rate of State Bank of India is reported at 12.75%. Accordingly, the rate of penal interest is modified to 14.75%.

(xxi). The reduced gross tonnage as per International Tonnage Certificate is applicable for levy of port dues in case of oil tanker as per existing Scale of Rates. The port has proposed to apply this in case of LPG tankers with segregated ballast tank. When sought clarification for the proposed modification, the port has clarified that definition of POL is stated to mean Petroleum, Oil and Lubricants and for the purpose of levy of vessel related charges alone it will include LPG Vessels also. Citing this as a reason, the port has proposed to apply the reduced gross tonnage as per International Tonnage Certificate in case of LPG vessels also.

Levy of port dues on oil tankers with segregated ballast tank on reduced gross tonnage is as per the circular issued by the DG Shipping which was uniformly prescribed for all major Port Trusts vide our Order dated 15 March 2000. The references received from various fronts to extend this provision to chemical tankers etc., were referred to the DG shipping who vide their letter dated 7 November 2003 have clarified that concession in port dues is only for oil tankers with segregated ballast tank. That being so, the modification proposed by the port which is not found to be in line with clause 6.3. of the tariff guidelines 2005 is not accepted.

(xxii). The provision proposed at note 2 (iii) relating to the criteria for conversion of foreign going vessels to a coastal vessel and the rate applicable thereto is not found to be in line with the provisions approved vide Order No.TAMP/2/1997-MPT dated 2 June 1998 for common adoption of all major ports. The existing provision prescribed in the Scale of Rates of the VPT is proposed to continue.

(xxiii). The port has proposed a note at sl. no. 5(vii) that the vessels which are not meant of cargo transportation such as Dredgers, Floating cranes, Tugs, Survey Vessels, Bunker barges, Water barges, Offshore supply vessels and other crafts etc. operating in the ports for carrying out various miscellaneous activities shall not be treated as coastal vessels, despite having licence issued by the competent authorities for the purpose of applying the provisions relating to coastal concessions.

The port has explained that the spirit of extending concession to the coastal vessels and coastal movement of cargoes is to encourage coastal traffic. Since the vessels covered under this clause do not involve in coastal movement of cargoes and are engaged in miscellaneous activities other than cargo handling, the note is proposed not to give any concessions of coastal tariff to the crafts which are not involved in any coastal handling at this port. The concessional tariff for coastal vessel and coastal cargo flows from the policy decision of the Government. The policy decision of the Government has to be applied uniformly at all the ports and hence there cannot be an exceptional treatment in the case of the VPT.

The coastal concession policy of the Government states that the status of a vessel as borne out by its certification is the relevant factor for deciding whether the vessel is ‘foreign-going’ or ‘coastal’ (clause 6.2. of the tariff guidelines 2005). Hence a vessel having valid coastal license issued by the competent authority is entitled for coastal concession as per the policy of the Government.

(xxiv). In the revised draft SOR, the VPT has not proposed separate rates for coastal vessels but has proposed to introduce a note that for coastal vessel, 60% of the notified rates (i.e. for foreign-going vessel) shall be levied. When advised the port to propose separate concessional rate applicable for coastal vessels instead of the general note proposed by the port, it has stated that the equivalent concessional rates for coastal rates is required to be worked out by TAMP at the exchange rates prevailing at the time of finalizing this analysis and hence a general note is proposed in the Scale of Rates. Though port has not prescribed separate concessional rate for coastal vessel in the proposed Scale of Rates while furnishing the working for rationalised vessel related tariff, the concessional tariff in the vessel related charges for coastal vessel is worked out by the VPT considering an exchange rate of ₹ 46.26 for the purpose of conversion of dollar denominated rate into rupee terms. Clause 6.1.2. of the tariff guidelines does not recommend restatement of coastal rates with reference to the prevailing exchange rate at the time of general revision of Scale of Rates. It may be relevant to mention that the exchange rate considered at the time of last general revision of Scale of Rates of VPT was ₹ 44.55 which is lower than the prevailing exchange rate of 1 US $ = ₹ 45.77 at the time of analysis of this case. The revised vessel related tariff for coastal vessels are calculated with reference to the modified rationalised tariff vessel related tariff prescribed for foreign going vessel and for this purposed the exchange rate is not restated.

(xxv). The port has proposed minimum pilotage fee at US$ 1285. In the existing Scale of Rates, the minimum pilotage fee prescribed is US$ 212.40 for POL vessels and US$ 468.45 in case of residual category of vessels. As already explained earlier the port has done away with separate pilotage fee for different categories of vessel and moved to uniform pilotage fee.

The VPT has clarified that 68 vessels of less than 3000 GRT visited VPT during 2009-10. Assuming that only one tug and one pilot are deployed and a minimum of 2 hours is required for each of inward and outward pilotage operation, the minimum direct cost to be incurred would be around ₹ 59868/- without considering any management and general overheads. The VPT has furnished detailed break up in this regard. It is notable that as per the revised pilotage fee prescribed in the Scale of Rates, the pilotage fee for vessel of 3,000 GRT works out to US $ 1364. That being so and based on the clarification furnished by the VPT, the proposed minimum pilotage fee at US$ 1285 is prescribed in its Scale of Rates.

(xxvi). The existing SOR prescribes separate shifting charge for POL vessels for movement within inner harbour / outer harbour and from inner harbour to outer harbour etc. and the unit of levy is prescribed on per shifting basis. As against the existing position, the port has proposed uniform shifting charge for all categories of vessels. It has clarified that shifting charges for vessels other than POL vessels are prescribed at 40% of applicable Pilotage fee in existing SOR and the same approach is followed while arriving at the proposed shifting charges. Based on the clarification furnished by the VPT, the shifting charges is prescribed in absolute terms following the approach followed by the VPT on the revised pilotage fee.

(xxvii). The port has proposed to introduce 10% extra levy on notified rates for carrying out pilotage and shipping movement of vessels not involved for cargo transportation but for other commercial activities such as drilling rigs, survey etc., not connected to port operations and carried out for other organisation like ship yard etc. The port has clarified that the pilotage operations and movements for the vessels involved in carrying drilling rigs, survey activities and movements for shipyard operations are taking much higher time than that of normal operations of vessels carrying cargoes as per the statistics available and the extra levy proposed is to compensate the additional costs involved for more operational time. Levy of pilotage fee is with reference to GRT of the vessel. The port has not furnished any cost calculation to justify the incremental levy proposed to these categories of vessels. Hence the proposed note is not approved.

(xxviii). (a). In the last tariff Order, this Authority had held that it would be appropriate to set the principles for fixation of output norms explicitly in the Scale of Rates in order to have transparency in the matter for levy of additional berth hire for over stayal of the vessel at the berth on account of low productivity and had advised the VPT to formulate a suitable proposal prescribing the principles for fixation of output norms in consultation with the users by 30 September 2006. Till such principles are prescribed, in the last Order a note under schedule 2.3.3. (1) (i) was prescribed allowing a Committee comprising of port officials and representative of trades to decide on the method of calculation of loading/ unloading norms for applying the penal berth hire provision for under performance.

The port has in the tariff proposal proposed to delete the existing note 2.3.3. (1) (i) and (ii) for levy of penal berth hire for under performance. When sought clarification, the port has clarified that the existing provision is done away with at the request of the trade and it is totally a policy decision taken by the VPT. Relying on the position reported by the port and recognising that none of the users / user association have made any objection on the deletion of the existing clause the proposal of the port for deletion of existing note 2.3.3. (1) (i) and (ii) is accepted.

The existing provisions at 2.3.3. (1) (iii) and (iv) relate to levy of penal berth hire equivalent to berth hire in case of mechanical loading of iron ore/ pellets when there is no loading on account of ship/ shippers failure for reasons cited in the Scale of Rates. These provisions will continue as per the proposal of the port.

(b). The existing Scale of Rates provides for levy of penal berth hire equivalent to berth hire charge in case of overstayal of the vessels beyond the stipulated period provided there is demand for the berth and a notice is served by the VPT 10 hours in advance of completion of discharge/ shipment operators at Schedule 2.3.3. (2) (i).

With reference to the said note, for the reasons cited by the port that the existing provision of levying penal berth hire is not adequate to act as a deterrent for overstayal of vessel, this Authority vide Order No.TAMP/31/2008-VPT dated 12 February 2009 had approved a provision that if the overstayal of vessel exceeds beyond 15 days even after levying Penal Berth Hire prescribed under 2.3.3 (2) (i), then Penal Berth Hire equivalent to 5 times of the normal Berth Hire for such excess period shall be levied in addition to the normal Berth Hire Charges.

The port has requested to modify the said note and apply the approved provision with reference to note 2.3.3 (a) (ii) in the proposed Scale of Rates which deals with levy of penal berth hire attributable to ship/ shippers failure to load iron ore at mechanised handling system. The logic for applying the condition approved for levy of penal berth hire for overstayal of vessel beyond 15 days to the ship / shippers failure to load iron / iron pellets for specific reasons cited in the Scale of Rates is not explained by the port in the proposal. Hence status quo is maintained in this regard. The existing note prescribed in Schedule 2.3.3. (2) (i) which is proposed to be deleted by the VPT is retained and the provision approved by this Authority in the Order dated 12 February 2009 is prescribed as note (iii) under Schedule 2.3.3. (2).

(xxix). (a). The port has proposed to introduce a note at sl. no.9 under Schedule 2.3.4 for levying 50% of non-crane berth hire for 'transhipment' (which is subsequently modified by the port as 'uptopping')/ lighterage operations in any berths in outer harbour.

(b). The port has also proposed a note at Sl. No.10 to grant 33% rebate in the berth hire charge for work boats under Visakha Craft Rules.

(c). As regards (a) above, the port has explained that the existing Scale of Rates under Schedule 2.3.2 prescribes 50% of the berth hire for iron ore vessels (mechanical handling), POL vessels and residual category of vessels berthed at Hindustan Shipyard jetty, dredger lay by jetty, any jetty or moorings in port waters or vessels berthed alongside another vessel at berth/ moorings/ jetty. The port has explained that the newly proposed provision at note 9 is to be seen as an extension of the said existing provision only which is originally applicable to certain categories of Moorings / Jetties and vessels berthed along side berths / moorings, which is proposed to be extended to all other berths in outer harbour other than the moorings for carrying lighterage / up topping operation through barges.

As regards (b) above, the port has clarified that the proposed rebate is only for work boats and not for certain other vessels/crafts operating in port waters like water barges, oil barges providing services to vessels under license issued by VPT.

(d). The existing provision for levy of 50% of berth hire is applicable to vessels berthed at jetty, mooring or along side berthing at berth/ mooring/ jetty. From the reply furnished by VPT no correlation can be drawn as to how the existing provision of levying 50% berth hire at mooring / jetties can be extended to vessels availing berthing facilities at any other berths other than moorings and jetty.

As regards the second note it is also not clear how the cost structure for work boats differ from the cost of services offered to other vessel/ craft licensed by the port. It is not understood why the work boats should be differentiated from other vessel / craft for the purpose of levy of berth hire. The explanation furnished by the ports are not found to be satisfactory. The notes proposed at sl.no.9 and 10 are, therefore, not approved. In any case, the rates approved by this Authority are ceiling rate and port trusts may if they so desire apply reduced rate based on their commercial consideration.

(xxx). This Authority while approving the last general revision Order had specifically advised the VPT to propose a more rationalised road stead charges taking into consideration the proximity to harbour, depth available etc., without linking it to the berth hire. The port has proposed to continue with the existing charges and has agreed to review this item on receipt of any specific request from the users.

(xxxi). The port has proposed to reduce the charges for ship to shore transfer for transhipment/ lighterage of crude /POL products at anchorage from existing ₹ 20 per tonne to ₹ 16.50 per tonne for crude transhipped from mother tanker. When advised the port to furnish the financial implication of the proposed reduction in the rates, it has clarified that the financial impact on reduction of wharfage charges on POL products and Crude Oil factors the impact of this item.

(xxxii). VPT has proposed to introduce wharfage rate for gypsum, Methanol, waste oil and Bio diesel in the proposed Scale of Rates.

The wharfage rate for Gypsum is proposed at par with Lime stone on the grounds that method of handling the two cargo items are comparable. The wharfage rate for Methanol has been proposed at ₹ 37 per tonne. The port has explained that based on the CIF value and applying the existing advalorem rate presently applied at 0.44% applicable for other Chemical it works out to ₹ 37/- per tonne which forms the basis for the proposed rate. The wharfage rate for Waste Oil has been proposed as per the existing provision that un-enumerated goods having fob/cif values up to and inclusive of ₹ 1000/- per tonne shall be charged with a wharfage rate of ₹ 10/- per tonne. The wharfage charges for Bio Diesel are to be fixed on par with the POL products. However, to encourage this environmental friendly cargo, wharfage rate for Bio Diesel is proposed at ₹ 37.91 per tonne. Based on the explanation furnished by the VPT about the basis adopted for deriving the proposed wharfage rate, the wharfage rates proposed by the VPT for four new cargo items are approved. Incidentally none of the users/ user associations have pointed out any objections on the rate proposed to be introduced for these cargo items.

(xxxiii). The port has proposed to increase free period for import cargo from existing 3 days to five days and has clarified that the increased free period is in view of the request of the trade at various forums. The tariff guidelines of 2005 give the flexibility to port trusts to prescribe free period. The proposal of the VPT is, therefore, accepted.

(xxxiv). The existing Scale of Rates of the VPT prescribes demurrage charge to the tune of ₹ 5000 per hour from 6 to 10 hours with increasing rate for longer duration of stay in case cargo is not removed from the General Cargo Berth in the outer harbour after completion of discharge of cargo from a vessel / shipment to a vessel. The VPT has requested to approve the demurrage charges presently applicable to cargo not removed from General Cargo Berth (GCB) after completion of handling operation to all the berths w.e.f. 20 June 2010 on adhoc basis. The VPT has submitted that most of the handling agents take 24 hours or even more time for clearance of the cargo from the wharf after completion of discharge/ shipment. As a consequence, the next vessel which is berthed at the same berth is not able to commence its cargo handling operations for nearly one day or even more adversely affecting the performance of the port. Since the proposed provision seems to be more of a deterrent nature and with the intention of optimum utilisation of wharf, the proposed provision is accepted. However, the approval will have prospective effect from the date of implementation of this Order.

(xxxv). (a). The existing Scale of Rates states that occupation without valid license will be treated as unauthorised occupation and in such event double the rates are levied. The port has proposed to introduce a note stating that when cargo is stacked without allotment or when the areas are not vacated even after serving 15 days advance notice it shall be treated as unauthorised occupation and license fee at five times the rate shall be collected for unauthorised occupation beyond sixty days.

Since the proposed provision is to discourage unauthorised occupation and will impose discipline among allottees for timely renewal of license, the proposed note is approved. It is, however, not clear why such penal provision should be applied for unauthorised occupation beyond sixty days only. The note is partially modified to state that license fee shall be collected at five times the prescribed fee and the words “for unauthorised occupation for more than sixty days” are deleted from the proposed note.

(b). The VPT has proposed levy of interest for delay in renewal of licence in view of shortage of funds. The VPT has clarified that the general note is as per the general financial principles, where interest is levied if the bills are not paid in time. The reply furnished by VPT is not satisfactory. When renewal of license is delayed it will be treated as unauthorised occupation. Provisions are already prescribed for levy of license fee at two times/ five times of the license fee for unauthorised occupation. Hence the proposed note for levy of interest for delay in renewal of license need not be approved. If, however, the VPT for specific reasons desires to waive the charge it may do so at discretion already available with the port.

(xxxvi). During the processing of the case, the Visakhapatnam Stevedores’ Association (VSA) has stated that they have grievance due to some unauthorized billing by VPT with reference to dredging and spillage charges for cargo, charges for damages to wagons and penal charges (demurrage) for non clearance of cargo at inner harbour berths. The SOR of the VPT approved by this Authority in May 2006 prescribes demurrage charges on cargoes not removed from the wharf. The SOR does not prescribe any charges for spillage of cargo or charges for damage to wagons. The port has despite specific advice not clarified the tariff arrangement under which such levy has been collected by the port. The statute requires the

Major Port Trusts / Private Terminal Operators thereat to seek sanction of this Authority for levy of rates which are listed in Section 42 of the Act. The port is advised to refrain from collecting charges on adhoc basis which does not have sanction of this Authority or is not in compliance with clause 2.17.1 to 2.17.3 of the tariff guidelines. If any charges beyond the provision of the Scale of Rates are collected by the port, then it should arrange to refund the same.

(xxxvii). The validity of the existing Scale of Rates of the VPT was last extended till 30 September 2010. The port is allowed to continue to levy the existing tariff till the implementation of the revised Scale of Rates approved in this Order. The revised tariff guidelines prescribe tariff validity cycle of the three years. As already mentioned earlier, the cost position considered in this analysis is for two years i.e. 2011-12 and 2012-13, hence the tariff prescribed will be for truncated validity period. The financial position considered for the purpose of this analysis is only till 31 March 2013, hence the validity of the revised Scale of Rates will also expire on 31 March 2013.

21.1. In the result, and for the reasons give above, and based on collective application of mind, this Authority approves the revised Scale of Rates of the VPT which is attached as **Annex - II**.

21.2. The tariff guidelines stipulate that the tariff approved by this Authority will come into effect 30 days from the notification of the Order in the Gazette and shall be in force till 31 March 2013. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

21.3. The tariff of the VPT has been fixed relying on the information furnished by the port and based on assumptions made as explained in the analysis. If this Authority, at any time, during the prescribed tariff validity period, finds that the actual position varies substantially from the estimations considered or there is deviation from the assumptions accepted herein, this Authority may require the VPT to file a proposal ahead of the schedule to review its tariff and to setoff fully the advantage accrued on account of such variations in the revised tariff.

21.4. In this regard, the VPT is requested furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year i.e. for the period ending on 30 June, 30 September, 31 December and 31 March of each of the years in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly period, TAMP will call upon the concerned port trust to submit their proposal for an ahead of scheduled review. If the VPT fails to file a tariff proposal within the time limit to be stipulated by TAMP, this Authority will proceed *suo motu* to review the tariff.

(Rani Jadhav)
Chairperson

Annex - I (a)

Consolidated Cost Statement of Visakhapatnam Port Trust for the port as a whole

Rs. in lakhs

Sr.No.	Particulars	Actuals as Furnished by VPT				Estimates furnished by VPT at existing tariff			Estimates of VPT modified by TAMP		
		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic at VPT berths (in MTPA)	528.45	590.12	579.21	573.97	571.90	615.00	685.60	578.67	615.00	685.60
I	**Operating Income**										
	(i) Cargo Handling / Container Handling income	27126.57	28214.50	27451.23	29035.25	28578.59	30041.09	36095.84	31470.97	32730.30	38224.77
	(ii) Vessel related income	16022.66	17359.86	18462.24	20367.50	20106.01	22836.01	22078.46	20532.38	23269.62	22523.47
	(iii) Railway Income	7038.68	8374.12	8852.80	10449.77	9644.38	10180.89	11031.91	9644.38	10180.89	11031.91
	(iv) Estate Income	2851.01	2193.69	3520.82	3913.24	3763.86	3763.86	3763.86	3905.54	3974.79	4383.42
	(v) Fishing Harbour Income	265.19	278.42	366.93	362.64	558.92	558.92	558.92			
	Total Operating Income (i to v)	53304.11	56420.59	58654.02	64128.41	62651.76	67380.77	73528.98	65553.28	70155.60	76163.57
II	**Operating cost (excl depreciation)**										
	(i) Cargo Handling & storage	5248.89	5611.90	7138.01	7731.32	8272.47	8740.01	9099.40	8341.82	8747.14	9132.32
	(ii) Port and dock facilities	5625.01	6680.37	6835.18	9143.82	11057.47	12459.71	12922.11	10887.80	12112.75	12547.79
	(iii) Railway Activity	3536.50	3775.49	4426.45	6006.96	6377.93	6742.84	7055.11	6348.03	6615.68	6933.02
	(iv) Estate Activity	911.42	1027.76	1391.53	1393.34	1468.91	1544.85	1596.54	1468.73	1542.21	1620.08
	Total Operating Cost (i to iv)	**15321.83**	**17095.52**	**19791.17**	**24275.43**	**27176.77**	**29487.42**	**30673.16**	**27046.37**	**29017.78**	**30233.20**
III	Depreciation	3008.63	3085.65	3114.38	3253.99	3450.48	4449.91	5120.83	3450.48	4449.91	5121.93
		18330.46									
IV	Management & General Administration Overheads	6048.40	7752.14	10556.39	9269.96	9501.12	10020.49	10981.19	9873.49	10824.31	11231.30
	Total Operating Cost	24378.86	27933.32	33461.95	36799.37	40128.37	43957.82	46775.18	40370.34	44292.00	46586.44
V	Operating Surplus / (Deficit) (I) - (II) - (III) - (IV)	28925.25	28487.28	25192.07	27329.04	22523.39	23422.95	26753.81	25182.94	25863.60	29577.13
VI	Finance & Miscellaneous Income (FMI)	1565.63	1711.70	2063.35	2929.09	1158.74	1135.88	1193.73	1660.74	1660.74	1660.74
VII	Finance & Miscellaneous Expenses (FME)	12307.05	11953.55	13210.97	15465.82	16387.66	16591.54	17464.94	16205.30	16341.19	17139.94
VIII	FME Less FMI (VII) - (VI)	-10741.42	-10241.85	-11147.62	-12536.73	15228.92	15455.66	16271.21	14544.56	14680.45	15479.20
IX	**Surplus Before Interest and Tax (V) - (VIII)**	18183.83	18245.43	14044.46	14792.31	7294.47	7967.29	10482.60	10638.38	11183.15	14097.93
X	Capital Employed	74082.43	72561.56	77946.76	78408.78	80959.00	108117.43	135033.77	73141.93	99072.92	131093.82
XI	RoCE - Maximum permissible (15% / 6.35%)	11112.36	10884.23	12471.48	12545.63	12951.181	17296.799	21507.27	11538.71	15693.02	20821.71
XII	Capacity Utilization	96.38	105.64	102.70	105.26	104.23	92.20	71.14	104.23	92.20	71.14
XIII	RoCE adjusted for capacity utilization	11112.36	10884.23	12471.48	12545.63	12951.18	17296.80	21507.27	11538.71	15693.02	20821.71
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	7071.46	7361.19	1572.97	2246.68	-5656.71	-9329.51	-11024.67	-900.33	-4509.87	-6723.78
XV	**Adjustment of the past period surplus over this tariff cycle**						0	0		4987.066	4987.066
XVI	**Net Surplus / (Deficit) after adjustment of past surplus**						-9329.51	-11024.67		477.20	-1736.71
XVII	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	13.27%	13.05%	2.68%	3.50%	-9.03%	-13.85%	-14.99%	-1.37%	0.68%	-2.28%
XVIII	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**						-12.62%			-0.80%	

Consolidated Cost position excluding the Railway and the Estate Activity

		2011-12	2012-13
i.	**Income (Cargo Handling Income and Port and Dock income) as estimated in Sl. No. I (i + ii)**	55999.92	60748.24
ii.	**Net Surplus estimated in the first table (Sl.No.XVI)**	477.199	-1736.714
iii.	**Less: Net Deficit reflected in the Railway Activity**	-4485.34	-4056.73
iv.	**Less: Net Deficit reflected in the Estate Activity**	-216.25	-271.05
v.	**Net Surplus excluding the railway and the Estate Activities**	5178.79	2591.07
vi.	**Net Surplus / (Deficit) as a % of operating income in %**	9.25%	4.27%
vii.	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**	6.76%	

Annex - I (b)

Cost statement for Cargo Handling Activity

Rs. in lakhs

Sr. No.	Particulars	Actuals	Estimates furnished by VPT at existing tariff			Estimates of VPT modified by TAMP		
		2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic Handled (In lakh tonnes)	573.97	571.90	615.00	685.60	578.67	615.00	685.60
I	Operating Income	29040.72	28578.59	30041.09	36095.84	31470.97	32730.30	38224.77
II	Operating Expenses							
	(i) Salary & wages	3964.24	4241.72	4542.88	4865.39	4308.66	4481.13	4649.61
	(ii) Power	1073.70	1114.27	1156.17	1199.65	1114.27	1156.17	1199.65
	(iii) Fuel	60.08	62.67	65.03	67.48	62.67	65.03	67.48
	(iv) Repairs and maintenance	1109.19	1236.62	1283.17	1331.38	1246.32	1379.00	1589.29
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	922.63	956.74	992.69	1030.01	956.74	992.69	1030.01
	(vii) Expenditure on Quarters	601.48	660.45	700.07	605.49	653.16	673.11	596.28
	Total	**7731.32**	**8272.47**	**8740.01**	**9099.40**	**8341.82**	**8747.14**	**9132.32**
III	Depreciation	853.02	967.23	1,295.84	1,591.95	967.23	1,295.84	1,591.95
		8584.34	9239.70	10035.86	10691.35			
IV	Allocated share of Management and General overheads	4063.41	4207.70	4417.98	4719.33	4372.61	4772.38	4826.82
V	**Operating Surplus/ Deficit (I) - (II) - (III) - (IV)**	16392.97	15131.19	15587.25	20685.15	17789.31	17914.93	22673.68
VI	Allocated share of FMI	1393.30	563.10	548.68	575.39	807.06	807.06	807.06
VII	Allocated share of FME	5458.06	5604.17	5552.32	5879.02	5541.81	5468.54	5769.62
VIII	FME Less FMI (VII) - (VI)	4064.76	5041.07	5003.64	5303.63	4734.75	4661.48	4962.56
IX	**Surplus / deficit (V) - (VIII)**	12328.21	10090.12	10583.61	15381.53	13054.56	13253.45	17711.12
X	Capital Employed for the activity	20993.15	23068.02	29497.01	35039.42	21791.89	27858.52	33359.09
XI	RoCE	3358.90	3690.88	4719.52	5606.31	3486.70	4457.36	5337.45
XII	Capacity Utilization (%)	87.82	95.21	75.91	76.91	95.21	75.91	76.91
XIII	RoCE adjusted for Capacity utilization	3358.90	3690.88	4719.52	5606.31	3486.70	4457.36	5337.45
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	8969.30	6399.24	5864.09	9775.22	9567.85	8796.09	12373.66
XV	**Adjustment of surplus of the past period over this tariff cycle**						3030.95	3030.95
XVI	**Net Surplus / (Deficit) after adjustment of past surplus**						11827.03	15404.61
XVII	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	30.89%	22.39%	19.52%	27.08%	30.40%	36.13%	40.30%
XVIII	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**		23.00%				38.22%	

Annex - I (c)

Cost statement for the POL handling activity under the main cargo handling activity

Rs. in lakhs

Sr. No.	Particulars	Actuals	Estimates furnished by VPT at existing tariff			Estimates of VPT modified by TAMP		
		2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic Handled (In lakh tonnes)	182.90	180.00	181.00	189.00	180.00	181.00	189.00
I	Operating Income	8079.72	8709.00	8913.00	9455.00	11295.60	11499.60	12041.60
II	Operating Expenses							
	(i) Salary & wages	751.04	794.46	794.16	799.18	807.00	783.36	763.73
	(ii) Power	0.00	0.20	0.21	0.22	0.20	0.21	0.22
	(iii) Fuel	4.24	4.45	4.32	4.20	4.45	4.32	4.20
	(iv) Repairs and maintenance	72.41	97.69	101.37	105.17	98.45	108.94	125.55
	(v) dredging	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	17.12	17.42	17.11	16.84	17.42	17.11	16.84
	(vii) Expenditure on Quarters	113.95	123.70	122.38	99.46	123.70	119.80	99.46
	Total	**958.77**	**1037.92**	**1039.55**	**1025.07**	**1051.23**	**1033.74**	**1010.00**
III	Depreciation	59.67	74.78	102.41	405.70	74.78	102.41	405.70
IV	Allocated share of Management and General overheads	503.91	527.93	525.48	531.64	548.62	567.63	543.75
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	6557.38	7068.37	7245.56	7492.59	9620.98	9795.82	10082.15
VI	Allocated share of FMI	231.11	96.95	94.57	94.63	138.96	138.96	138.96
VII	Allocated share of FME	867.71	915.53	844.86	841.50	905.35	832.11	825.84
VIII	FME Less FMI (VII) - (VI)	636.60	818.58	750.28	746.87	766.39	693.15	686.89
IX	**Surplus / deficit (V) - (VIII)**	5920.78	6249.79	6495.28	6745.72	8854.59	9102.67	9395.26
X	Capital Employed for the activity	1937.24	2314.20	3307.88	3523.69	2186.18	3124.14	3354.71
XI	RoCE - Maximum permissible	309.96	370.27	529.26	563.79	349.79	499.86	536.75
XII	RoCE adjusted for Capacity utilization	309.96	370.27	529.26	563.79	349.79	499.86	536.75
XIII	**Net surplus / (Deficit) (IX) - (XII)**	5610.82	5879.52	5966.02	6181.93	8504.80	8602.81	8858.51
XIV	**Net Surplus / (Deficit) as a % of Operating Income (XIII/I in %)**	69.44%	67.51%	66.94%	65.38%	75.29%	74.81%	73.57%
XV	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**		66.61%				74.19%	

Annex - I (d)

Cost statement for the Vessel Related Activity

Rs. in lakhs

Sr. No.	Particulars	Actuals	Estimates furnished by VPT at existing tariff			Estimates of VPT modified by TAMP		
		2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	20650.90	20597.03	23327.03	22569.48	20532.38	23269.62	22523.47
II	Operating Expenses							
	(i) Salary & wages	4106.32	4393.78	4705.64	5039.73	4492.89	4688.02	4864.30
	(ii) Power	400.67	415.73	431.35	447.60	415.73	431.35	447.60
	(iii) Fuel	1045.42	1084.72	1125.50	1167.83	1084.72	1125.50	1167.83
	(iv) Repairs and maintenance	589.09	611.24	634.19	658.06	616.03	681.56	785.54
	(v) Dredging	1070.05	726.32	753.63	781.97	726.32	753.63	781.97
	(vi) Others	1625.31	3488.63	4452.13	4517.92	3215.05	4082.97	4191.55
	(vii) Expenditure on Quarters	306.96	337.05	357.27	309.00	337.05	349.72	309.00
	Total	9143.82	11057.47	12459.71	12922.11	10887.80	12112.75	12547.79
III	Depreciation	1767.25	1804.05	2376.89	2676.42	1804.05	2376.89	2677.53
IV	Allocated share of Management and General overheads	2266.88	2455.30	2668.91	2838.03	2551.53	2883.00	2902.68
V	**Operating Surplus/ Deficit (I) - (II) - (III) - (IV)**	7472.96	5280.21	5821.53	4132.91	5289.01	5896.98	4395.48
VI	Allocated share of FMI	931.07	368.95	369.02	388.59	528.79	528.79	528.79
VII	Allocated share of FME	6077.94	6634.46	6795.72	7134.14	6560.63	6693.18	7001.38
VIII	FME Less FMI (VII) - (VI)	5146.87	6265.51	6426.70	6745.55	6031.85	6164.40	6472.60
IX	**Surplus / deficit (V) - (VIII)**	2326.09	-985.30	-605.18	-2612.64	-742.84	-267.41	-2077.12
X	Capital Employed for the activity	37790.77	37940.31	55680.32	77619.10	35039.50	52105.95	79328.36
XI	RoCE	6046.52	6070.45	8908.85	12419.06	5606.32	8336.95	12692.54
XII	Capacity Utilization	105.26	104.23	92.20	71.14	104.23	92.20	71.14
XIII	RoCE adjusted for Capacity utilization	6046.52	6070.45	8908.85	12419.06	5606.32	8336.95	12692.54
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	-3720.44	-7055.75	-9514.03	-15031.70	-6349.16	-8604.36	-14769.66
XV	**Adjustment of past period surplus over this tariff cycle**				0.00	0.00	1956.12	1956.12
XVI	**Net Surplus / (Deficit) after adjustment of past surplus**				-15031.70	-6349.16	-6648.25	-12813.54
XVII	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	-18%	-34%	-41%	-67%	-31%	-29%	-57%
XVIII	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**		-47.21%				-42.73%	

Annex - I (e)

Cost statement for the Railway Activity

Rs. in lakhs

Sr. No.	Particulars	Actuals	Estimates furnished by VPT at existing tariff			Estimates of VPT modified by TAMP		
		2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income							
	(i) Haulage	2521.91	2514.00	2514.00	2562.00	2514.00	2514.00	2562.00
	(ii) Siding Charges	1942.63	1881.46	1881.46	1881.46	1881.46	1881.46	1881.46
	(iii) Terminal charges	5636.69	4918.92	5455.43	6258.45	4918.92	5455.43	6258.45
	(iv) Others (Staff Charges)	348.55	330.00	330.00	330.00	330.00	330.00	330.00
	Total	10449.77	9644.38	10180.89	11031.91	9644.38	10180.89	11031.91
II	Direct Operating Expenses							
	(i) Op. & Maint. of locomotives & wagons	2535.91	2662.93	2794.22	2932.65	2633.03	2675.20	2810.56
	(ii) Maint. of PM. ways,signals & inter locking	700.71	743.02	788.56	837.10	743.02	788.56	837.10
	(iii) Operation & maintanence of yards, sidings etc.	717.29	755.07	795.39	838.08	755.07	795.39	838.08
	(iv) Admn. & general expenses	1721.93	1853.33	1979.28	2113.96	1853.33	1979.28	2113.96
	(v) Expenditure on Quarters	331.12	363.58	385.39	333.32	363.58	377.25	333.32
	Total	6006.96	6377.93	6742.84	7055.11	6348.03	6615.68	6933.02
III	Depreciation	395.23	428.86	519.51	544.78	428.86	519.51	544.78
IV	Allocated share of Management and General overheads	2501.36	2538.61	2654.74	2823.73	2638.11	2867.70	2888.04
		8903.55	9345.41	9917.10	10423.62	9415.00	10002.89	10365.84
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	1546.23	298.98	263.80	608.29	229.38	178.01	666.07
VI	Allocated share of FMI	447.74	170.58	165.46	174.24	244.48	244.48	244.48
VII	Allocated share of FME	2951.22	3151.29	3247.32	3406.33	3116.22	3198.32	3342.95
VIII	FME Less FMI (VII) - (VI)	2503.48	2980.71	3081.86	3232.10	2871.74	2953.84	3098.47
IX	**Surplus / deficit (V)-(VIII)**	-957.25	-2681.73	-2818.06	-2623.80	-2642.36	-2775.84	-2432.40
X	Capital Employed for the activity	9993.15	10416.62	13522.23	13130.35	7716.65	10684.38	10152.11
XI	RoCE - Maximum permissible	1598.90	1666.66	2163.56	2100.86	1234.66	1709.50	1624.34
XII	RoCE adjusted for Capacity utilization	1598.90	1666.66	2163.56	2100.86	1234.66	1709.50	1624.34
XIII	**Net surplus / (Deficit) (IX) - (XII)**	-2556.16	-4348.39	-4981.62	-4724.66	-3877.02	-4485.34	-4056.73
XIV	**Net Surplus / (Deficit) as a % of Operating Income (XIII/I in %)**	-24.46%	-35.31%	-54.30%	-55.36%	-40.20%	-44.06%	-36.77%
XV	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**		-48.3%				-40.41%	

Annex - I (f)

Cost statement for Estate Activity

Rs. in lakhs

Sr. No.	Particulars	Actuals	Estimates furnished by VPT at existing tariff			Estimates of VPT modified by TAMP		
		2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income							
	(i) Rent from land	3479.67	3455.00	3455.00	3455.00	3455.00	3524.10	3932.58
	(ii) Rent from accommodation provided for out side Offices	13.94	7.30	7.30	7.30	7.30	7.45	7.59
	(iii) Recoverable Charges	422.10	360.96	360.96	360.96	360.96	360.96	360.96
	(vi) Miscellaneous Income	71.30	8.50	8.50	8.50	82.28	82.28	82.28
	Total	3987.02	3831.76	3831.76	3831.76	3905.54	3974.79	4383.42
II	Direct Expenses							
	(i) Estate Maintenance (Excluding expenditure on quarters)	1081.27	1131.57	1185.15	1241.58	1134.14	1210.50	1309.83
	(ii) Admn. and General expenses	186.30	199.24	213.32	228.36	196.50	188.41	183.65
	(iii) Expenditure on quarters	125.77	138.10	146.38	126.61	138.10	143.29	126.61
	Total	1393.34	1468.91	1544.85	1596.54	1468.73	1542.21	1620.08
III	Depreciation	238.49	250.34	257.67	307.67	250.34	257.67	307.67
IV	Allocated share of Management and General overheads	438.30	299.50	278.86	600.10	311.24	301.23	613.77
		2070.13	2018.75	2081.38	2504.31	2030.31	2101.11	2541.52
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	1916.89	1813.01	1750.38	1327.45	1875.23	1873.68	1841.90
VI	Allocated share of FMI	156.98	56.11	52.71	55.51	80.42	80.42	80.42
VII	Allocated share of FME	978.60	997.74	996.18	1045.44	986.64	981.15	1025.99
VIII	FME Less FMI (VII) - (VI)	821.62	941.63	943.46	989.93	906.22	900.73	945.57
IX	**Surplus / deficit (V) + (VIII)**	1095.27	871.38	806.91	337.52	969.01	972.95	896.33
X	Capital Employed for the activity	9631.70	9534.05	9417.87	9244.90	8593.88	8424.07	8254.26
XI	RoCE - Maximum permissible	1541.07	1523.19	1504.87	1476.34	1211.02	1189.20	1167.38
XII	RoCE adjusted for Capacity utilization	1541.07	1523.19	1504.87	1476.34	1211.02	1189.20	1167.38
XIII	**Net surplus / (Deficit) (IX) - (XII)**	-445.80	-651.81	-697.96	-1138.82	-242.00	-216.25	-271.05
		.						
XIV	**Net Surplus / (Deficit) as a % of Operating Income (XIII/I in %)**	-11.2%	-17.0%	-18.2%	-29.7%	-6.2%	-5.4%	-6.2%
XV	**Average Net surplus/ deficit for the years 2011-12 to 2012-13**		-21.6%				-5.81%	

Annex - II

Visakhapatnam Port Trust

Scale of Rates

SECTION 1

1.1. Definitions – General

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

(1). "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.

(2). "Cold move" shall mean without the power of the engine of the vessel.

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

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

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

(6). "Hirer" shall mean all users of the port using any of the appliances of the Port.

(7). "Month" shall mean the calendar month.

(8). "POL" shall mean Petroleum, Oil and Lubricants and for the purpose of levy of vessel related charges alone, it will include LPG vessels also.

(9). For the purpose of levying vessel related charges (excluding fishing vessels), "Residual Category" shall mean vessels other than iron ore and pellets (Mechanical handling) and POL vessels.

(10). "STS" charges mean Ship-to-Ship transfer charges.

1.2. General Terms & Conditions

(1). The status of the vessel, as borne out by its certification by the customs or Director General of Shipping is the relevant factor to decide whether vessel is "coastal" or "foreign-going" for the purpose of levy of vessel-related charges, and the nature of cargo or its origin will not be of any relevance for this purpose.

(2).
- (i). 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.
- (ii). 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.
- (iii). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
- (iv). 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.
- (iv). 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.

(3). (i). Vessel related charges shall be levied on shipowners / Steamer Agents. Wherever rates have been denominated in US dollar terms the charges shall be recovered in Indian Rupees after conversion of US currency to its equivalent Indian Rupees at the Market Buying rate notified by the Reserve Bank of India, State Bank of India or its Associates or any other Public Sector Banks as may be specified from time to time. The day of entry of the vessel into the port limit shall be reckoned as the day for such conversion.

(ii). In respect of storage charges on containers, the day of entry of the vessel in case of Import containers; and the day of arrival of the containers into the port in case of export containers shall be reckoned as the day for such conversion of dollar denominated charges.

(iii). The day of entry of the vessel to be considered for conversion from dollar denominated tariff to rupee tariff in case of an import container de-stuffed and utilised immediately or after some period of time.

(4). A regular review of exchange rate shall be made once in thirty days from the date of arrival of the vessels in cases of vessels staying in the Port for a longer period. In such cases the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

(5). (i). The vessel related charges for all coastal vessel should not exceed 60% of the corresponding charges for other vessels.

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

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

(iv). In case of container related charges, the concession is applicable on composite box rate. Where itemised charges are levied, the concession will 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.

(v). Cargo/container from a foreign port which reaches an Indian Port “A” - for subsequent transhipment to Indian Port “B” - will be levied the concession charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

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

(6). Interest on delayed payments / refunds.

(i). The user shall pay penal interest on delayed payments of any charge under this Scale of Rates. The rate of interest will be 14.75% per annum

(ii). Like wise, the Port Trust shall pay penal interest on delayed refunds. The rate of interest will be 14.75% per annum

(iii). The delay in refunds by the Port will be counted beyond 20 days from the date of completion of services or on production of all the documents required from the user whichever is later.

(iv). The delay in payments by the users will be counted beyond 10 days after the date of despatching the bills by the Port Trust. 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 MPT Act 1963 and / or where payment of charges in advance is prescribed as a condition in the Scale of Rates.

(7). For the purpose of calculating the dues, the unit by weight shall be 1 tonne or 1,000 kilograms, the unit by volume measurement shall be 1 cubic metre and the unit by capacity measurement for liquids in bulk shall be 1000 litres.

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

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

(10). No refund shall be made if the amount refundable is less than ₹ 100. This limit of ₹ 100 shall also be applied for supplementary claims for under charges.

(11). In case of damages to crafts, equipments, tools and plants, the hirer shall deposit anticipated amount for all such charges for damages as assessed by the Port immediately on receipt of the demand, pending determination of the actual charges. In case of total loss, the hirer shall deposit the book value or market value of the crafts or appliances or properties of the Port whichever is higher. The port shall refund the cost of damage received from the insurance company on admittance of its claim to the hirer from whom the cost of damage of the equipment was recovered.

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

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

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

(13). The rates in the SOR are applicable only to the services provided by the Port. The services offered by any other authorised service provider are not governed by these rates and conditions.

(14). All goods landed within the limits of the Port shall be assessed on import application and the fees shall be paid before the goods are removed.

(15). All goods intended for shipment shall be assessed on export application and the fees shall be paid before the goods are shipped.

(16). Transhipment shall be mean transfer of cargo directly from one vessel to another vessel or landed from a vessel and subsequently shipped to another vessel for further discharge at other ports.

(17). Lighterage shall mean transfer of cargo directly from one vessel to another vessel / craft / barge for further discharge at the same Port.

(18). The users shall not be required to pay charges for delays beyond a reasonable level attributable to the VPT.

SECTION – 2

VESSEL RELATED CHARGES

2.1. Port Dues

SL. NO.	DESCRIPTION	UNIT	RATE PER GRT		Frequency of payment in respect of the same Vessel
			Foreign-going vessel [in US $]	Coastal vessel [in ₹]	
1.	All category of vessels	GRT	0.2553	6.82	The due is payable for each entry into the Port.

Concession in port dues shall be extended to the following vessels:

Sl. No.	DESCRIPTION	Concession/ Exemption
1.	Vessels entering the port in ballast and not carrying passengers.	25 %
2.	Vessels entering the port but does not discharge or take any cargo or passengers therein (with the exception of such unshipment and reshipment as may be necessary for purpose of repairs)	50 %
3.	(i). Any vessel of war belonging to any Foreign Prince or State (ii). Any vessel, which having left the Port, is compelled to re-enter by stress of weather or in consequence of having sustained any damage; (iii). Any vessel belonging to or in the service of Central Government, or State Government (iv). Any vessel leaving the port limits due to cyclone threat and re-enters	100%
4.	Vessel, which paid port dues and leaves the port limits with out taking port clearance for hatch cleaning, tank washing etc, before commencement of loading and re-enters	100%

Notes:

(i). Port dues are to be levied only once for entry of a vessel, irrespective of any change of her Name / Agent(s) / Owner(s), during the stay in the port.

(ii). Any vessel entering the Port from outside the port limits shall be treated as fresh entry

(iii). Port dues being an entry fee is to be realized as per the status of the vessel at the time of the entry.

(iv). For oil tankers with segregated ballast the reduced gross tonnage that is indicated in the remarks column of its International Tonnage Certificate will be taken to be its gross tonnage for collection of Port dues.

2.2. Pilotage Fees

Pilotage fee is a composite fee and shall include one inward and one outward movement with services of Port's pilot, with required number of tugs / launches of adequate capacity and shifting(s) of vessels for 'port convenience". Shifting at the request of vessels will attract separate shifting charges".

2.2.1 Schedule of Pilotage Fee for vessels:

SL. NO.	DESCRIPTION	UNIT	RATE PER GRT	
			Foreign-going vessel (in US $)	**Coastal vessel (in ₹)**
1.	**ALL VESSELS**			
	1] Upto and inclusive of 30,000 GRT	GRT	US $0.4505	12.04
	2] 30,001 to 60,000 GRT	GRT	US $ 13515 + US $ 0.3604 per GRT over 30,000 GRT	₹ 361256 + ₹ 9.63 per GRT over 30,000 GRT
	3] 60,001and above GRT	GRT	US $ 24327 + US $ 0.3153 per GRT over 60,000 GRT	₹ 650260 + ₹ 8.43 per GRT over 60,000 GRT
	4] Minimum charges payable		US $1285	34348.05
2.	In case of cold move 25% of pilotage charges shall be levied extra for each cold move.			

2.2.2 Concession in Pilotage fees shall be extended to the following vessels

DESCRIPTION		Concession
1.	For vessels shifted to roads due to exigencies of cyclone / flood / natural calamities, and brought back.	50%
2.	Movement without usage of Port tugs	55%
3.	Vessels availing one way pilotage services	50%

Note: The concessions in pilotage fee are applicable to the Minimum charges also.

2.2.3 Shifting Charges

SL. NO.	DESCRIPTION	UNIT	RATE PER GRT	
			Foreign-going vessel US $	**Coastal vessel (in ₹)**
1.	**ALL VESSELS**			
	(i). Upto and inclusive of 30,000 GRT	**GRT**	US $0.1802	4.82
	(ii). 30,001 to 60,000 GRT	**GRT**	US $ 5406 + US $ 0.1442 per GRT over 30,000 GRT	₹ 144502 + ₹ 3.85 per GRT over 30,000 GRT
	(iii). 60,001and above GRT	**GRT**	US $ 9731 + US $ 0.1261 per GRT over 60,000 GRT	₹ 260104 + ₹ 3.37 per GRT over 60,000 GRT

2.2.4 <u>General Notes relating to Pilotage/Shifting:</u>

(1). Movement of a vessel within the same harbour or Inner harbour to Outer harbour or vice-versa is deemed as shifting.

(2). No shifting charges shall be levied when shifting of a vessel is done for port convenience.

(3). “Port convenience” is defined as below:
“If a working cargo vessel at berth/ mooring/ Jetty is shifted/ un-berthed for undertaking dredging work, hydrographic survey work or for allotting a berth for dredger or for attending to repairs to berths, for maintenance and such other similar works whereby shifting/ Pilotage is necessitated, such shifting/Pilotage is deemed as SHIFTING/ PILOTAGE FOR PORT CONVENIENCE”. The shifting/Pilotage made to reposition such shifted vessel is also deemed as “SHIFTING/ PILOTAGE FOR PORT CONVENIENCE”.

(4). For shifting/pilotage of any vessel for the convenience of/ benefit of another vessel, the vessel benefited is liable to pay the shifting/pilotage charges for shifting and repositioning of the vessel shifted subject to a condition that the vessel to be berthed by shifting another vessel is informed in advance prior to its berthing about the additional liability of shifting charges.

(5). 50% exemption in the applicable charges shall be extended for first shifting whenever the vessel shifts after lightening or for up topping.

(6). When Tugs are not used for shifting, 55 % concession shall be given.

(7). Where a movement of vessel aborted or had to be changed due to reasons like Tug failure, insufficiency of length, lack of proper fenders etc., for which the vessel is not at fault, no charge shall be levied for the unsuccessful operations involved till she occupies allotted berth/mooring.

(8). If the status of the vessel is changed during its stay in the Port, from foreign run to coastal run or vice versa, then the consolidated pilotage should be divided into two equal halves (i.e., one for inward and the other for outward pilotage) which should be charged according to the status of the vessel prevailing at the time of taking place of relevant movement.

(9). In case the vessel, after discharging cargo(es) shifts to anchorage for want of a suitable berth for continuation of unloading or if a vessel after loading cargo(es), shifts to anchorage for want of a suitable berth for continuation of loading then these movements shall be treated as ‘shifting’ and shifting charges shall be levied.

(10). In case a tanker after completion of discharge/transhipment in the outer harbour is nominated as daughter tanker for receiving transhipment of crude oil, POL Products and if the operational requirement necessitates shifting of this tanker to the anchorage for re-berthing, the operation shall be treated as shifting only.

(11). In case of a daughter tanker after receiving crude oil, POL products from mother tanker at outer harbour shifts to anchorage and re-enters the harbour for discharge or transhipment of crude oil, POL products such operation shall be treated as shifting only.

(12). Similarly, in case a tanker after discharge / transhipment of part cargo (crude oil, POL products), shifted to anchorage and brought back to inner/outer harbour for transhipment/discharge operations, the same shall be treated as shiftings. The proposed provision is not applicable in case of tankers shifted to roads for poor performance/repairs.

(13). During the course of hot movement, if a vessel fails to offer its full power for a duration not exceeding 5 minutes, it shall not be considered as cold move.

2.2.5 Detention charges shall be levied, as under if a vessel is not ready to move within half an hour from boarding of the pilot.

Sl. No.	Description	Foreign-going vessel (in US $)	Coastal Vessel (in ₹)
1.	First half-an-hour for Inward/Outward movement	Free	Free
2.	For every subsequent half-an-hour or part thereof	399.00	10665.30
3.	Cancellation of movement of a vessel scheduled for Inward/Outward Movement - Charges to be levied in addition to the detention charges	1197.00	31995.80
4.	Fees for carriage of Pilot: Compensation per day if an outward-bound vessel carries away a pilot to sea.	157.50	4210.00

Note: In addition to the compensation prescribed at Sl No. (4) above, the Master of the vessel shall be liable to bear the expenses of the Pilot and the cost of sending him back to this Port.

2.3. Berth Hire:

2.3.1 Tariff			
SL. NO.	**DESCRIPTION**	**RATE PER GRT PER HOUR PART THEREOF**	
		Foreign-going vessel [in US $]	**Coastal vessel (in ₹)**
1.	IRON ORE AND PELLETS (Mech.)		
	Up to 42000 GRT	0.00726	0.1940
	Above 42000 GRT	0.00344 (subject to a minimum of 304.92 US $)	0.0919 (subject to a minimum of ₹ 8150)
2.	POL VESSELS		
	Upto 30000 GRT	0.00115	0.0307
	Above 30000 GRT	0.00153	0.0409
3.	RESIDUAL CATEGORY		
	(i). Crane berths		
	- Upto 30000 GRT	0.00284	0.0759
	- Above 30000 GRT	0.00382	0.1021
	(ii). Non-crane berths		
	- Upto 30000 GRT	0.00115	0.0307
	- Above 30000 GRT	0.00153	0.0409
4.	For vessels [including Work Boats] operating in port waters under Visakhapatnam Harbour Craft rules.	NA	0.105
		RATE IN ₹ PER DAY PER VESSEL	
5.	For vessels under construction at HSL Jetty/moorings	Upto 3 months ₹ 630.00 4th Month onwards ₹ 525.00	

2.3.2. Concession in Berth Hire shall be extended in the following cases:

Particulars	**Concession**
(a). Vessels berthed at any Hindustan Shipyard Jetty, Dredger lay by Jetty, or at any jetty or moorings in the port waters [except fishing harbour] or vessels berthed alongside another vessel already at berth / moorings / jetty.	For Iron ore/pellets (Mech.) and POL vessels = 50% of applicable berth hire.
	For residual category = 50% of non-crane berth hire

2.3.3. <u>Penalty</u>

(1) <u>For under performance</u>

(i). In case of mechanical loading of Iron ore / pellets, where there is no loading on account of ship or shipper's failure due to reasons mentioned below, penalty will be levied on the concerned parties for idling periods.

(a). De-ballasting of water exceeding 6 hrs. (six hours)
(b). Hatches not ready for loading / lack of cleaning / lack of cargo etc.

(ii). Penalty shall be equivalent to applicable berth hire and shall be levied in addition to normal berth hire.

(2) For Overstayal of vessel

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

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

(a).	Any vessel, which requires "SECURING"	10 hrs
(b).	Food Grain vessels requiring fumigation and inerting	10 hrs
(c).	Vessels taking bunkers through barges.	08 hrs
(d).	Vessels taking water through barges.	12 hrs [From the time of placement of barges alongside vessel]
(e).	Vessels taking Water / Bunkers through source other than barges.	08 hrs
(f).	In all other cases	07 hrs

(iii). If the overstayal of the vessel exceeds beyond 15 days even after levying penal berth hire under 2.3.3.(2)(i) then penal berth hire equivalent to 5 times of the normal berth hire for such excess period shall be levied in addition to the normal berth hire charges.

2.3.4. General Notes relating to Berth hire:

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

(2). (i). There shall be a time limit beyond which berth hire shall not apply, the berth hire shall stop 4 hrs after the time of vessel signalling its readiness to sail.

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

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

(iv). There shall be penal berth hire equal to one day's berth hire charge for a false signal.

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

(3). No berth hire shall be levied for the period when the vessels idle at ore berths due to plant breakdown if it is continuous for one hour or more except on account of bad cargo.

(4). In case Iron ore/pellet vessel berthed at OB1/OB2 could not commence loading due to working of earlier Iron ore/pellet vessel, then berth hire shall not be levied after 4 hrs of berthing the vessel till the commencement of loading. However, this is not applicable if the vessel is berthed at the request of the trade for purposes other than loading.

(5). **<u>Ousting Priority/Priority berth Hire:</u>**

(i). For providing the "ousting priority" to any vessel, a fee equivalent to berth hire for a single day (24 units of one hour each) or 100 % of the berth hire calculated for the total period of actual stay at the berth, whichever is higher, shall be levied.

(ii). For "priority berthing" to any vessel, a fee equivalent to berth hire for a single day (24 units of one hour each) or 75 % of the berth hire, calculated for the total period of actual stay at the berth whichever is higher, shall be levied.

(iii). If a vessel is shifted from the working berth to Anchorage/idle berth/mooring to accommodate ousting priority vessel and brought back to working berth subsequently, the shiftings/ pilotage of such vessel shall be levied on the vessel enjoying ousting priority.

(iv). Where a working berth is already vacant for want of a vessel and a vessel having priority / ousting priority is berthed at that vacant berth when there are no vessels waiting at roads for berthing prior to its arrival or when the vessels waiting at roads are not ready in all aspects (unreadiness of documents/lack of cargo/lack of ullage/hatch cleaning/ receivers or shippers not willing to work), it is not treated as priority berthing and in such cases no priority berthing charges will be levied.

(v). The fee for according priority/ ousting priority as indicated above shall be charged from all the vessels except the following categories:

(a). Vessels carrying cargo on account of Ministry of Defence.
(b). Defence vessels coming on goodwill visits.
(c). Vessels hired for the purpose of Antarctica expedition by Department of Ocean Development.
(d). Any other vessel for which special exemption has been granted by the Ministry of Shipping.
(e). Coastal vessels which will be accorded priority berthing.
(f). For vessels berthed as per Port's berthing policy without availing any specific priority.

(6). Berth hire for the period of 1 hour in which the vessel changes its status can be charged on the basis of the status of the vessel at the beginning of the relevant block of 1 hour period.

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

(8). Board may consider exemption/waiver of berth hire/road stead charges for the period during which the vessel waits/remains idle at berth/jetty/mooring/anchorage due to reasons like strike by DLB/Port/Any category of Port workers.

2.3.5 Road Stead charges

Road stead charges as mentioned below are leviable for the vessels stay at roads with an exemption up to first 24 hrs. before berthing on her first arrival at the roads.

Description	Rate per GRT per hour or part thereof	
	Foreign going vessels (in US $)	**Coastal vessel (in ₹)**
First 24 hrs.	Free	Free
After 24 hrs. and up to 240 hrs.	0.000049	0.0013
241 hrs. to 480 hrs.	0.000073	0.0020
481 hrs. onwards	0.000735	0.0196

Notes:

1. In case of Iron ore and pellets vessels loaded through mechanical system, no road stead charges shall be levied at the time of initial entry.

2. No road stead charges shall be levied on mother / daughter tanker meant for transhipment of POL at anchorage.

SECTION – 3

CONSOLIDATED CHARGES FOR TRANSHIPMENT/LIGHTERAGE OF CRUDE OIL/ POL PRODUCTS / DRY BULK CARGOES

3.1. Consolidated charges for transhipment/lighterage of Crude Oil and POL products in Outer Harbour.

Sl. No.	Description	Unit	Rate [in ₹]
1.	Consolidated Charges for Transhipment/lighterage Operation of Crude Oil from mother vessel.	Per each call of mother vessel	4.25 lakhs
2.	Consolidated Charges for Transhipment/lighterage Operations of POL Product from mother vessel.	Per each call of mother vessel	3.50 lakhs
3.	Wharfage charges on Cargo transhipped/lighterage to daughter tanker and carried to other ports without discharging at this Port.	Per KL	8.50
4.	The Daughter tankers shall pay charges as per notified rates.		
5.	For any other specific services such as supply of water, launches, etc., charges shall be levied as applicable.		

Notes:

(1). Crude Oil/ POL products transhipped/ lightened originally to daughter tanker and subsequently re-transhipped/lightened to another tanker in the same call, wharfage charges shall be levied at ₹ 2.00 per KL for second and subsequent transhipment/ lighterage operations.

(2). Consolidated Charges shall include Port dues, pilotage fee, Berth hire charges, Fire Float and wharfage charges @ ₹ 2 per KL.

(3). In case, a Mother vessel tranships/lighten part cargo of Crude Oil/POL products to daughter tanker to carry to other ports and discharges part cargo in the Port or vice versa, the Mother vessel shall pay Port dues, Pilotage fees and Berth hire charges at notified rates prescribed in the VPT Scale of Rates instead of consolidated charges.

The element of wharfage of ₹ 2/- per KL built in consolidated charges is also payable by mother vessel for the quantity transhipped/lightened to daughter vessel.

(4). In case Mother vessel subsequently becomes daughter tanker, Port dues, pilotage fees, wharfage and berth hire charges shall be levied at the notified rates as applicable duly adjusting the consolidated charges originally collected.

(5). A consolidate charge of ₹ 27,000 shall be levied on Mother Tanker per each call towards preparation of fenders, shifting of fenders [Belonging to port/oil industry/ship owners] from anywhere in the port to alongside mother/daughter tanker and vice-versa, disconnection of fenders, fender hire charges and overtime towards staff. This charge is payable by mother vessel calling at the port for transhipment/lighterage operations within outer harbour.

(6). The above consolidated charges shall be levied for transhipment/lighterage operation of crude oil/POL products carried out anywhere in the outer harbour.

3.2. Tariff for transshipment / lighterage of CRUDE/ POL Products at anchorage:

Charges on mother tanker	3 cents per GRT
Charges on daughter tanker	Foreign vessel 3 cent per GRT Coastal vessel ₹ 1.50 per GRT
STS charges	₹ 16.50 per tonne on cargo transshipped/ lightened from mother tanker.

Notes:

(1). No further discount which is applicable to coastal vessel, shall be extended.

(2). Mother tanker and daughter tankers are completely exempted from payment of roadstead charges.

(3). If STS operations are carried out by the importer/ship owner directly no STS charges shall be levied. However, importer/ship owner shall make their own arrangements for loading master, shifting of fenders supply and arrangement of flexibles and standby tugs etc.

(4). If the daughter tanker after receiving cargo from the mother vessel at anchorage shifts to outer harbour for discharge and / or transshipment/ lighterage operations, then the tanker shall pay Port charges as per the notified rates applicable for discharge and/or transshipment/ lighterage operations. In such case the amount already collected for the operations at anchorage from the daughter tanker towards port charges as indicated above shall be adjusted against the notified rates.

(5). For the tankers with segregated ballast, the reduced gross tonnage indicated in the 'remarks' column of its International Tonnage Certificate will be taken to be the gross tonnage for collection of port dues.

(6). The above rates are inclusive of charges for services like provision of one tug as stand-by by VPT, provision of 2nd tug to undertake towage of fender string to lighterage site from Port, inter ship and back to Port after completion of mother vessel, routine on-site fender maintenance between STS operation as per loading master's instructions and handling of flexible hoses for the STS operation. All other services other than mentioned above shall be charged as per rates prescribed in this Scale of Rates. Port fenders, subject to availability and suitability, shall be supplied at the rates prescribed in this Scale of Rates.

(7). In case a daughter tanker after completion of transhipment/lighterage at anchorage shifts to outer harbour for transhipment/lighterage and / or discharge and again shifts to anchorage for receiving the cargo from the mother tanker, all such movements shall be treated as shifting only.

3.3. Tariff for transhipment / lighterage of Dry cargo at Inner Harbour / Outer Harbour:

- ❖ A rebate of 25% in Port dues, pilotage and berth hire shall be extended to both mother/daughter vessels/barges engaged in transhipment/lighterage of dry bulk cargo and carried to other ports.

- ❖ A wharfage of ₹ 6 per tonne shall be levied on such transhipment/lighterage and carried to other ports. The said wharfage rate is not applicable on dry bulk cargo transhipped / lightened and carried to terminals of the BOT operators operating in the VPT.

- ❖ Lighterage/uptopping charges @ ₹ 3 per tonne shall be levied in addition to wharfage for discharge/loading at other berths (excluding BOT berths).

SECTION-4

CARGO RELATED CHARGES

4.1. Wharfage:

Item No.	Nomenclature	Unit	Foreign Rate (in ₹)	Coastal Rate (in ₹)
1.	Alcohol	Per Tonne	200.00	120.00
2.	Acetone	Per Tonne	165.00	99.00
3.	All types of Coal, Coke and Coal tar pitch	Per Tonne	26.00	15.60
4.	Alumina (bulk),	Per Tonne	30.00	18.00
5.	Aluminum, Alumina Sow Ingots, Alumina Billetts and Alumina products	Per Tonne	22.00	13.20
6.	Asphalt/bitumen, Barytes, Feldspar, Chrome Ore	Per Tonne	16.50	9.90
7.	Cement clinker (including cement)	Per Tonne	17.00	10.20
8.	Manganese Ore	Per Tonne	9.90	5.95
9.	Ammonium Nitrate	Per Tonne	35.00	21.00
10.	Blast furnace slag, Bentonite, Dolomite chips, River sand and fly ash	Per Tonne	13.00	7.80
11.	Calcined petroleum coke	Per Tonne	30.00	18.00
12.	Caustic Soda	Per Tonne	25.00	15.00
13.	Cereals,food grains, Pulses & Sugar	Per Tonne	22.00	13.20
14.	Charge chrome, Ferro Manganese, Ferro Silicon, Silicon Manganese, Highcarbon Ferrochrome, and other ores.	Per Tonne	38.00	22.80
15.	Other Chemicals	Advalorem	0.44%	0.264%
16.	Petroleum Products (Except LPG)	KL	49.00	49.00
17.	Crude oil:			
	(a). Crude oil at VPT berths	Per Tonne	39.00	39.00
	(b). Crude oil at SPM	Per Tonne	17.00	17.00
18.	Edible Oils	K.L.	16.00	9.60
19.	Electrical goods	Advalorem	0.25%	0.15%
20.	Fertilizers (including MOP)	Per Tonne	27.50	16.50
21.	Granite Blocks & Marbles	Per Tonne	37.00	22.20
22.	Ilemenite sand	Per Tonne	11.50	6.90
23.	Iron Ore [Mech]	Per Tonne	95.00	95.00
24.	Iron Ore Pellets [Mech]	Per Tonne	97.00	97.00
25.	Iron Ore [Conv]	Per Tonne	13.50	13.50
26.	Iron Ore Pellets [Conv]	Per Tonne	15.50	15.50
27.	Limestone	Per Tonne	24.00	14.40
28.	Liquid Ammonia, Molten Sulphur, Rock phosphate and Sulphur	Per Tonne	26.50	15.90
29.	LPG	Per Tonne	136.00	81.60
30.	Machinery	Advalorem	0.13%	0.08%
31.	Molasses	Per Tonne	25.00	15.00
32.	All types of Oil Extractions like Soya, Rape seed etc.,	Per Tonne	11.00	6.60
33.	Phosphoric/Sulphuric acid	Per Tonne	37.00	22.20
34.	Pig iron	Per Tonne	28.00	16.80
35.	Gypsum	Per Tonne	24.00	14.40
36.	Methonal	Per Tonne	37.00	22.20
37.	Waste oil	Per Tonne	10.00	6.00
38.	Bio-diesel	Per Tonne	37.91	22.75

Item No.	Nomenclature	Unit	Foreign Rate (in ₹)	Coastal Rate (in ₹)
39.	**R.R. materials of all grades including**	Per Tonne	30.00	18.00
	(a). Dead Burnt Magnesite [DBM]			
	(b). Fused Magnesite / Magnesia [FM]			
	(c). Bauxite/ Round kiln super grade / Round kiln Mid Iron			
	(d). Al/Mg/Alloyed powder			
	(e). Brick/Brick Grog			
	(f).Graphite			
	(g). Silicon Carbide			
	(h). Reframul			
	(i).Fused alumina			
	(j). Mullite			
	(k). Sea water magnesite			
40.	Steel Products - all varieties	Per Tonne	35.00	21.00
41.	Styrene Monomar	Per Tonne	55.00	33.00
42.	Thermal Coal	Per Tonne	15.00	15.00
43.	Timber Logs & Wood items	1 Cu.M.	20.00	12.00
44.	Marine products	Advalorem	0.010%	0.006%
45.	Bauxite (ore)	Per Tonne	23.00	13.80
46.	Unenumerated goods having FOB/CIF value upto and inclusive of ₹ 1000/- per tonne	Per Tonne	10.00	6.00
47.	Unenumerated goods having value of more than ₹ 1000/- per tonne.	Per Tonne	40.00	24.00
48.	Transhipment of break bulk cargo where wharfage is levied on advalorem basis:			
	a) Vessel to vessel directly	Per Tonne	150.00	90.00
	b) Landed from one vessel and subsequently shipped to another vessel	Per Tonne	187.50	112.50
49.	Wharfage charges of ₹ 3500/- on materials for Oil exploration purposes carried per trip of the OSVs of the ONGC.			

Notes:

(1). Wharfage on container is payable separately once at the time of landing and again at the time of shipment.

(2). Wharfage charges are leviable on goods entering the docks even if they are not shipped. However, for the excess cargo brought into docks for shipment but not shipped, no wharfage will be levied if the cargo is removed within 24 hours of shipment.

(3). Ad valorem wharfage on imports shall be calculated on CIF value; on the exports on FOB value; and on coastal cargo on value specified in the bill of coastal goods. Customs bills of entry/shipping bill/bill of coastal goods shall be the main documents for assessing the value of cargo for wharfage purpose and where it is not available, the value will be determined based on Bill of Lading/invoice etc.

(4). If the crafts landed / meant for shipment are piloted by port tugs, Pilotage as laid down in the scale of rates shall be levied in addition to the wharfage charges.

(5). Charges on packages containing articles of a miscellaneous character shall be levied based on the rate applicable for individual cargo items.

(6). Before classifying any cargo as 'un enumerated goods' the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in the Schedule given above.

(7). A rebate of 20% shall be extended on the cargoes imported by Voluntary organizations like CARE, ALIMCO, CRS, WFP, etc. against certification by the appropriate Government Authority of Central/State Government.

(8). A rebate of 25% shall be extended on the project consignment.

(9). The components of Wharfage of Iron Ore/Pellets [Mechanical Handling] prescribed at item no.23 and 24 above are as below:-

Commodity	Wharfage	Handling	Haulage, Tippling & Stacking
Iron Ore	26.20	36.50	32.30
Iron Ore Pellets	28.20	36.50	32.30

4.2. Wharfage on container and Containerised cargo Handled at docks other than VCTPL

Sl. No.	Description	Rate per container (in ₹)		
		Upto 20' in length	Above 20' and upto 40' in length	Above 40' in length
1.	Wharfage on container	15	23	30
2.	Wharfage on containerised cargo (irrespective of nature of cargo) when no stuffing/ destuffing is done inside the Port premises	425	638	850
3.	Wharfage on containerised cargo when cargo is stuffed/ de-stuffed for shipment/ delivery inside the Port premises.	Wharfage as per classification under section 4.1 of the Scale of rates		

Note:

(1). No Wharfage shall be levied on container and containerised cargo Handled at VCTPL but Stuffed / De-stuffed in the Docks of VPT.

4.3 Wharfage charges for specified cases

In the following specified cases wharfage charges shall be levied as specified in Section 4.1. :

(i). On crafts carried on board the vessel.
(ii). On goods abandoned.
(iii). On the manifested description of package whether they are landed empty or partly empty.

4.3.1 Wharfage charges on goods from vessels in distress

Item No.	Description	Charges Payable
1.	Cargo of other Ports landed from vessels in distress.	As specified in Section 4.1.
2.	Cargo that already paid export wharfage at Visakhapatnam but has not been carried to destination.	No Wharfage
3.	Cargo of other Ports reshipped without having left the Port's premises.	No wharfage at the time of shipment.

4.4 Goods free of wharfage

The following goods shall be free of wharfage:

(1). Fodder accompanying live stock and not manifested as cargo.

(2). Postal articles.

(3). Bonafide ship's dunnage fittings, ships' stores, ship's provisions, ship spares and unmanifested dunnage for the use of ships.

(4). Ship's sweepings provided that the entire cargo is landed at the Port and satisfactory proof is produced to the effect that the sweepings formed part of the consignment for which wharfage charges have been paid.

(5). Sweepings collected from the wharf, sheds, warehouses, rented plots etc.

(6). Cargo not manifested for transhipment but merely transferred from one hatch to another of the same vessel or landed and reshipped to the same vessel. Handling charges if incurred and demurrage charges as applicable, however, shall be levied.

(7). Bonafide passengers' luggage, Seamens' baggage and personal effects accompanying them.

(8). Diplomatic mail.

(9). Ice used for packing material.

(10). Personal baggage, horses and carriage and other military equipment accompanying Military Personnel moving on duty embarking in or disembarking from vessels and the animals meant for providing food to such personnel.

(11). Sand ballast.

(12). Survey rejections

(13). Passengers Disembarked / Embarked

4.6 Demurrage Charges / Storage Charges

4.6.1 Free storage period in the transit accommodation

	Description	Free period
1.	Import Cargo i. Import cargo ii. Project cargo	 5 days 10 days
2.	Export cargo	30 days
3.	Goods landed for transhipment	10 days

NOTES:

(1). Free period prescribed above excludes Customs notified holidays and Port's non-working days.

(2). **Imports:**

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

(ii). Free period for containerised cargo shall commence from the day following the day of de-stuffing.

(iii). In case of salvaged goods, free period shall commence from the day following the day of salvage.

(iv). Where goods are landed by the vessel into lighters, barges or other floating crafts, free days shall be calculated from the day of complete discharge of the goods from the lighters, barges or other floating craft, on the wharf or jetty.

(v). In cases where de-stuffing of loaded container being not effected within 7 days from the last day of landing of the containers, demurrage charges shall be levied on the cargo inside the containers and recovered from the Steamer Agents, at the usual rates leviable on import cargo upto and inclusive of the day of de-stuffing after expiry of 7 days free period besides the storage charges, leviable on containers.

(3). **Export:**

Free period for export cargo shall commence from the actual date of the receipt of the goods in the Port premises.

(4). No free days shall be allowed on goods brought into Port premises and removed from there without shipment. No demurrage shall be levied for the goods brought in during the course of shipment and removed within 24 hours of shipment.

(5). In case of goods landed for transhipment the free storage period of 10 days in transit shall be counted from the last day of discharge of cargo excluding customs notified holidays and port's non-working days.

4.6.2 Demurrage charge on Export/Import charges:

Item No.	Description	Charges payable
1.	For the first six days after the expiry of free period	₹ 18.00 per tonne/Cu.meter or part thereof for every three days or part thereof.
2.	For the next six days	₹ 36.00 per tonne/Cu. Meter or part thereof for every three days or part thereof.
3.	Thereafter	₹ 18.00 per tonne/Cu. Meter or part thereof for every day or part thereof.

NOTES:

(1). In case of goods for which wharfage charges are collected on 'ad valorem' basis, demurrage shall be levied on 'per tonne' basis. In all other cases demurrage shall be levied on 'per tonne' basis or 'per cubic metre' basis as the case may be based on the wharfage charges collected.

(2). For goods lying in Open space / Area 50% of charges mentioned above shall be levied.

(3). If operational area is leased on rental to users, demurrages on cargo stored therein shall not be levied again.

(4). **Demurrage on goods detained:**

The following periods shall be excluded from the calculation of any period for which free storage is allowed under this Rule viz.:

(i). Any period during which goods are detained by the Port Health Officer before being destroyed.

(ii). Periods during which the goods are detained by the Commissioner of Customs for the purpose of special examination involving analytical or technical test other than the ordinary process of appraisement and certified by the Commissioner of Customs to be not attributable to any fault or negligence on the part of the Importers/Exporters;

(iii). Where goods are detained by the Commissioner of Customs on account of Import/ Export Control formalities and certified by the Commissioner of Customs to be not attributable to any fault or negligence on the part of the Importer/Exporter, for such period of detention under 4 (i) and (ii) ,the demurrage charges shall be recovered as under:

First 45 days	:	Free.
46 days to 90 days	:	50% of actual demurrage charges
Beyond 90 days	:	100% of actual demurrage charges

Actual demurrage charges at full rate shall be worked out as per Scale of Rates at the appropriate slab as applicable after 45 days and the concessional rate mentioned above shall be applied thereon on the full demurrage charges leviable.

The first 45 days shall be reckoned with as follows:

(a). First 45 days after expiry of free days if cargo is detained by the Customs before expiry of free days; and,

(b). First 45 days from the date of detention if cargo is detained by the Customs after accrual of demurrage charges.

The detention certificate for availing the above concession shall be submitted within a period of six months from the date of clearance of goods.

(5). Demurrage on the containerised cargo while lying in the transit area after release from the container (imports), shall be charged on the cargo released from the Container as per usual demurrage charges leviable on Import Cargo after expiry of the free period.

(6). **Demurrage on cargoes not removed from the wharf**

Demurrage shall be levied on cargoes not removed from any berth in the port after completion of discharge from a vessel / shipment to a vessel.

Sl. No.	Description	Amount
i..	First 5 hours	Free
ii.	6th to 10th hour	₹ 5000 per hour or part thereof
iii.	11th to 15th hour	₹ 10000 per hour or part thereof
iv.	16th hour onwards	₹ 25000 per hour or part thereof

Port reserves the right shift the cargo at the cost of the receiver / shipper.

(7). Demurrage shall not accrue for the period during which the port is not in a position to effect delivery of import cargo of shipment of export cargo when requested by the user.

4.6.3 Storage charges on containers:

Particulars	Rate per container per day or part thereof			
	Foreign-going (in US $)		Coastal (in ₹)	
	20’	40’	20’	40’
Storage charges on laden and empty container	0.14	0.28	6.25	12.50

General Notes

(1). Free period of 1 day shall be allowed on import / export containers whether empty or laden. For the purpose of calculation of free period Custom's notified holidays and port's non-working days shall be excluded.

(2). Free storage period for import containers shall commence from the day after the day of landing of the container. For export container, the free period shall commence from the time the container enters the terminal.

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

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

(ii). If the consignee chooses not to issue such letter of abandonment, the container Agent/MLO can also issue abandonment letter subject to the condition that, - the Line shall resume custody of container alongwith cargo and either take back it or remove it from the port premises; and the line shall pay all port charges accrued on the cargo and container before assuming custody of the container.

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

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

(4). If operational area is leased on rental to users, storage charges on container shall not be levied.

(5). Storage charge shall not accrue for the period during which the VPT cannot effect delivery of import container or shipment of export container when requested by the user.

4.7.1 Charges for handling cargo (labour charges):

The handling charges prescribed herein below shall be levied for the following cargo items in addition to levy of wharfage:

(i). Machinery (import)
(ii). Timber logs & wood items (import)
(iii). All varieties of refractory raw materials in bags / cases (import) and General cargo and bagged cargo (imports)

Item No.	Description	Unit	Rate (in ₹)
1.	Packages/Bags weighing upto and including 1 tonne.	1000 Kgs.	36.00
2.	Packages weighing over 1 tonne and upto and inclusive of 3 tonnes.	1000 Kgs.	40.00
3.	Packages weighing over 3 tonnes.	1000 Kgs.	45.00
4.	Cranes used for conveying import cargo from Barge to the Quay when Port provides a Crane.	1000 Kgs.	3.50

5.	Labour handling charges in barges/lighters supplied for import Cargo.	1000 Kgs.	10.00
6.	For shifting of Container from one place to another within the Dock Area.	Per Container per each shifting (Load or Empty)	161.00

Notes:

(1). The handling charges specified for Item Nos.1, 2 and 3 are inclusive of equipment hire charges.

(2). (i). In case the trailers are supplied by the steamer agents/receivers or his agents(wherever required) for transportation of timber logs or any other general cargo excluding containers from wharf to transit area, a rebate of 20% shall be given as per the rates specified at item Nos.1,2 & 3 of Schedule of Labour Charges.

(ii). In case the operation necessitates the deployment of only shore handling equipment and in the event of supply of this equipment by the steamer agents/receivers or his agents (wherever required) for transportation of timber logs or any other general cargo excluding containers from wharf to transit area, a rebate of 20% shall be given as per the rates specified at items Nos.1, 2 & 3 of Schedule of Labour charges.

(iii). In case both trailers as well as handling equipment for handling and transportation of import General Cargo including timber logs but excluding containers are supplied by the steamer agents/ receivers or his agents (wherever required), a rebate of 50% shall be given on the rates specified on item Nos. 1,2 & 3 of Schedule of Labour Charges.

4.7.2. Handling charges for containers either for import or export

20'container		**40' container**		**More than 40' container**	
Loaded (in ₹)	Empty (in ₹)	Loaded (in ₹)	Empty (in ₹)	Loaded (in ₹)	Empty (in ₹)
160	120	320	240	360	275

4.7.3. Cargo temporarily landed and reshipped by the same vessel:

Description	**Unit**	**Rate (in ₹)**
When handled by Port Labour	Per 1000 Kgs.	₹ 16.10 Ps

General Notes to Schedules 4.7.1, 4.7.2. and 4.7.3.

(1). No charges shall be levied for incidental movements in handling of containers.

(2). Extra charges shall be levied for the equipment supplied as applicable.

(3). In case of handling coastal cargo eligible for concessional tariff and for coastal containers involving ship-shore transfer from/quay to/from storage yard, 60% of the rates prescribed in the above Schedules will be levied.

(4). The Port does not assume custody of the Export Cargo.

(5). The Port lands import cargo, assumes custody of it, conveys to transit space and sorts for delivery all import cargo including cargo discharged into lighters, except cargo in bulk, live animals not in crates and other cargo for which overside delivery direct from ship is permitted in special cases by the Port and the Customs Authorities.

(6). In case of temporarily landed cargo handled by Port, these charges cover unslinging, tallying, carrying, sorting in transit sheds or spaces.

(7). In case of Cargo temporarily landed on the quay or into lighters either from a vessel berthed at Quay berth or from a vessel berthed in the moorings, Cargo shall lie at the expenses, risk and responsibility of the ship.

(8). The charges specified at item No.4 in Section 4.7.1 will not apply for lifts each weighing 5 tonnes and above.

(9). The charges for shifting of containers either empty or laden shall be payable by ship owner/steamer agent. The tractor-cum-trailer for transporting container shall be supplied by the Ship Owner/Steamer Agent concerned.

4.7.4. Levy of Charges for obtaining services of cargo handling workers from Cargo Handling Division (CHD)

4.7.4.1. Levy on Time Rate Wages

Description	Percentage of Levy on Time Rate Wage
For all Cargo availing services of cargo handling worker from Cargo Handling Division including Thermal Coal availing services of cargo handling worker for wagon unloading	234%

Notes:

1. The levy indicated above is in addition to recovery of time rate wages and piece rates payable to workers as per the respective clauses of prevailing wage settlement/ incentive scheme.

2. The above levy is payable by the stevedores to the VPT.

4.7.4.2. Special Levy

Particulars	Percentage of special levy on Time Rate Wage
On all cargo availing services of cargo handling worker and also on thermal coal availing services of cargo handling workers for wagon unloading	31%

Note:

The special levy prescribed above will be levied in addition to the levy prescribed in Schedule 4.7.4.1. above for deployment of workers from CHD for handling cargo.

SECTION – 5

CHARGES FOR HIRE OF CRAFT/ EQUIPMENT

5.1. Floating Crane charges:

5.1.1. 150 ton Floating Crane:

Item No.	Weight of package or nature of charge	Unit	Rate (in ₹)	Rate in ₹ for second operation
1.	Upto 50 tonnes.	Per hr. or part thereof	₹ 2001per hour or part thereof subject to a minimum ₹ 4002/-	₹ 1000.50 per hour or part thereof subject o a minimum of ₹ 2001/-
2.	Over 50 tonnes but not exceeding 60 tonnes.	Per tonne or part thereof	862.50	431.25
3.	Over 60 tonnes.	-do-	1150.00	575.00
4.	When the crane is requisitioned but not utilised and the requisition is not cancelled by giving 2 hrs. clear notice during the port's ordinary working hours.	Per requisition.	3990.50	--
5.	For detention if the crane is kept idle owing to the lift or lifts not being ready for slinging.	Per hr. or part thereof.	1995.25	--
6.	Penalty for violation of the rule i.e. only one lift at a time shall be slung for discharge or loading.	Per violation.	1426.00	--
7.	Additional charges for use of crane deck as a barge.	Per loaded trip.	2990.00	--
8.	For use of the crane for purpose other than routine landing shipment, and delivery of cargo.	Per hr. or part thereof.	12937.50	--
9.	Placing/removal of equipment on Board the vessel for working in the hatches (only for cargo handling)	- do -	1150.00	--
10.	For use of the crane for purpose of lifting sunken trawlers of FH	Per hour or part thereof	3500.00	--

5.1.2. 60 ton floating crane:

Item No.	Weight of each package or nature of charge	Unit	Rate (in ₹)	Rate in ₹ for second operation
1.	Upto 50 tonnes	Per hour or part thereof	₹ 2001 per hour or part thereof subject to a minimum ₹ 4002/-	₹ 1000.50 per hour or part thereof subject to a minimum of ₹ 2001/-
2.	Over 50 tonnes but not exceeding 60 tonnes.	Per tonne or part thereof	862.50	431.25
3.	When the crane is requisitioned but not utilised and the requisition is not cancelled by giving 2 hrs. clear notice during the Port's ordinary working hours.	Per requisition	3990.50	--

4.	For detention, if the crane is kept idle owing to the lift or lifts not being ready for slinging.	Per hour or part thereof	1995.25	--
5.	Penalty for violation of the rule i.e. only one lift at a time shall be slung for discharge or loading.	Per violation	575.00	--
6.	Additional charges for use of crane deck as a barge.	Per loaded trip	2990.00	--
7.	Per use of the crane for purposes other than routine landing/ shipments and delivery of cargo.	Per hour or part there of	5692.50	--

NOTES:

(1). The charge prescribed above includes the charges for haulage and mooring of the crane.

(2). When requisitioned, full charges shall have to be paid whether the crane is utilised or not, unless 2 hours clear notice is given cancelling the requisition.

(3). Only one lift at a time shall be slung for discharge or loading. But when two or more lifts made up into one slung are discharged or loaded by the crane, then the cranage charges are recoverable at the rate applicable to the total weight of such a lift. In addition, a penalty shall be levied at the above rates.

(4). Separate requisitions shall be given for usage of Crane deck as a Barge. The crane deck charges shall be levied from the time of requisition till the time of cancellation of the same. The crane deck however will not be supplied exclusively for use as a barge.

(5). The hire charges will commence from the time the floating crane is made available to the hirer till it is delivered back to the port authorities. The Floating crane is said to be made available as soon as she commences moving for the purpose of hire till she returns to the base. The waiting period if any for getting the Tugs shall be excluded from the hire period.

(6). Transhipment or same bottom cargo or ship's gear removed to a workshop for repairs when discharged by a heavy lift crane for subsequent relifting, charges therefor will be levied separately at the above rates for the first operation of discharge from the vessel and at half the above rates for the subsequent operation of relifting from the wharf and putting it on board the ship.

(7). For the purpose of working out the detention period, 15 minutes grace period will be allowed in order to cover trivial delays in making the lifts ready, irrespective of whether two or more lifts are handled consecutively. Such detention will count till the lift is handled.

5.1.3 Charges for use of Harbour Mobile cranes installed by the Private operators.

(i). For Dry Bulk Cargo:

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	Coastal
9500-10499	28.25	16.95
10500-11499	29.91	17.95
11500-12499	31.57	18.94
12500	33.23	19.94
12501-13500	34.89	20.94
13501-14500	36.55	21.93
14501-15500	38.21	22.93

Note:
To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The rate for third thousand tonnes was arrived by enhancing the

base rate by 115%. The same methodology shall also be adopted to calculate the rate beyond 15500 tonne. Likewise, ceiling rates for performance below 9500 tonnes shall be calculated by reducing the base rate accordingly.

(ii). For Break-bulk cargo:

(A). Steel and Bagged Cargo

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	**Coastal**
5000-5999	65.78	39.47
6000	69.24	41.55
6001-7000	72.70	43.63

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes. The same methodology shall also be adopted to calculate the rate beyond 7000 tonne. Likewise, ceiling rates for performance below 5000 tonnes shall be calculated by reducing the base rate accordingly.

(B). Others:

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	**Coastal**
2750-3749	105.31	63.18
3750	110.85	66.51
3751-4750	116.39	69.84

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes. The same methodology shall also be adopted to calculate the rate beyond 4750 tonne. Likewise, ceiling rates for performance below 2750 tonnes shall be calculated by reducing the base rate accordingly.

Notes:

(i). The formula for calculation of average berth-day out put is s follows:

$$\frac{\text{Total Quantity loaded / unloaded by the HMC}}{\text{Total time taken from vessel commencement to completion}} \times 24 \text{ hours}$$

(ii). According to the average berth-day out put for the vessel from commencement to completion of loading / discharge of cargo, the appropriate rate of crane hire charge will be chosen for recovery from port users for the full quantity of cargo loaded / discharged.

(iii). If one HMC works with another HMC or ELL cranes, the Berth-day out put for the crane will be ascertained on the basis of the quantity as recorded by the HMC's load meter.

(iv). In case of breakdown of the crane for more than one hour till the vessel leaves the berth, the quantity handled by HMC will be determined taking into account cargo loaded/ discharged prior to break- down divided by crane working hours and multiplied by 24.

(v). In case of stoppages of operation of HMC for more than two hours at a stretch for reasons not attributable to the HMC, appropriate allowance will be allowed to the crane while calculating the total time of crane operation in the vessel. Stoppages of HMC for less than 2 hours will not be taken into consideration for the above purpose. No allowance will be allowed for stoppages attributable to the HMC. All stoppages in loading / unloading operations during working of HMC are required to be certified by the Stevedore of the vessel in the daily vessel performance report.

(vi). In case shifting of a vessel becomes necessary due to breakdown / non performance of HMC, the shifting charges of the vessel from berth to anchorage will be recovered from the crane operator in addition to a penalty of ₹ 1,00,000/- (Rupees on lakh only). The shifting charges so recovered will be refunded to the vessel's agent while the penalty will be retained by the port.

(vii). In case of dispute on the average out put the decision of the port trust will be final and binding.

5.2. Towage Charges:

5.2.1. Towage Charges (within port limits):

<table>
<tr><th rowspan="2">Item No.</th><th rowspan="2">Description</th><th rowspan="2">Unit</th><th colspan="2">Rate</th></tr>
<tr><th>Foreign-going vessel (in US $)</th><th>Coastal vessel (in ₹)</th></tr>
<tr><td>1.</td><td>Tug upto 30 Tonne BP</td><td rowspan="2">Per hour or part thereof [Subject to minium of two hours]</td><td>284.12</td><td>7594.50</td></tr>
<tr><td>2.</td><td>Tug beyond 30 Tonne BP</td><td>568.25</td><td>15189.30</td></tr>
</table>

NOTES:

(1). The tug hire charges will be calculated from the time the tug leaves the port jetties to the time it returns to jetties.

(2). Tugs for stand-by arrangements at the requisition of the party shall be charged @ 70% of rates prescribed in the above schedule.

(3). The towage charges prescribed in this schedule are for hire of tugs other than for pilotage and shifting operation.

5.3 Mooring boat with gang / pilot launch hire/pilot fee:

<table>
<tr><th>Item No.</th><th>Description</th><th>Unit</th><th>Rate (in ₹)</th></tr>
<tr><td rowspan="2">1.</td><td rowspan="2">Mooring boat with gang</td><td>For first 4 hours or part thereof</td><td>361.10</td></tr>
<tr><td>For every additional hour or part thereof</td><td>135.70</td></tr>
<tr><td>2.</td><td>Pilot launch</td><td>Per movement</td><td>2034.00</td></tr>
</table>

5.4 Rates for the services for Pilot and Pilot launches provided for shifting of barges, loaded barges / empty barge "dredger" etc) from dredging in the Inner Harbour to dumping ground.

Item No.	Description	Rate per movement (in ₹)
1.	Hire charges for Pilot launch for movement of loaded barge from Inner Harbour to designated area (OH)	₹ 2034.00
2.	Hire charges for Pilot launch for completion of movement of empty barge to designated dredging area in the Inner Harbour	₹ 2034.00

5.5 Electrical crane charges (for other usage viz. cargo handling from/to barges, non-cargo operations) when not recovered under berth hire

Item No.	Description	Unit	Rate (in ₹)	Minimum Charges (n ₹)
1.	10 tonnes Electrical quay crane	Per hour or part thereof	414.00	828.00
2.	15 tonnes Electrical quay crane	Per hour or part thereof	2800.00	5600.00
3.	20 tonnes Electrical quay crane	Per hour or part thereof	3150.00	6300.00

Notes:

(1). These charges cover only the charges for working of the cranes. Slinging and unslinging and moving the loads within the reach of the crane shall be the responsibility of the hirer.

(2). For the purpose of calculation of these charges, intermittent break down of the equipments on account of the port are excluded.

5.6 Mobile crane charges:

Item No.	Description	Unit	Rate (in ₹)	Minimum Charges (in ₹)
1	Mobile crane (capacity upto 45 tonnes)	Per hour or part thereof	488.75	977.50
2	Mobile crane (capacity 75 tonnes)	Per hour or part thereof	1207.50	2415.00

5.7 Fork lift truck/ top lift carrier charges:

Item No.	Description	Unit	Rate (in ₹)
1.	Forklift trucks up to and inclusive of 5000 kgs.	Per shift of Eight hours or part thereof	2172.00
2.	10 Ton and 12 ton diesel forklift truck	Per shift of Eight hours or part thereof	5000.00

5.8 In motion wagon weigh bridge (100 tonne)

Charge for use of 100 tonne capacity pit less in motion weigh bridge at ₹ 10/- per wagon of 8 wheels.

SECTION – 6

CHARGES FOR LICENCE (STORAGE) FEE

Item No.	Description	Unit	Rate (in ₹)	Penal Rate (in ₹)
1.	License fee for sheds: Transit sheds and storage sheds, warehouses and all covered spaces including warehouse behind G.C.B.	Per 100 Sq.Mtrs.	1115.85 per week or part thereof	2231.70

2.	License fee for Open Space	Per 100 Sq.Mtrs.	115.35 for first week or part thereof and ₹ 90.55 for next week or part thereof and onwards	181.10
3.	License fee for 1st Floor of T-2 Shed	Per 100 Sq.Mtrs.	625.00 per week or part thereof	1250.00

Notes:

(1). Applications for allotment/renewal of storage spaces shall be made in advance and charges shall be paid in advance. However, if there is delay in receipt of the application or payment of port charges for renewals, the same shall be condemned for maximum period of one week without interest for the belated payment. Occupation without valid license is treated as unauthorized occupations and charges at double the rates are levied.

(2). Occupations shall be treated as unauthorized occupation when the cargo is stacked without allotment or when the areas are not vacated even after serving 15 days advance notice. In such event license fee shall be collected at five times the prescribed rate.

SECTION – 7

CHARGES FOR OTHER SERVICES

7.1. Charges for supply of water to vessels:

Item No.	Description	Unit	Foreign-going vessel (in US $)	Coastal vessel (in ₹)
1.	Supply of water to vessels at Shore.	Per 1000 Ltrs. or part thereof	3.241 [Subject to minimum of 16.205 US $]	86.65 (Subject to a minimum of ₹ 433.15)
2.	Supply of water to vessels by Barge.	Per 1000 Ltrs. or part thereof	4.182 [Subject to minimum of 20.912 US $]	111.80 (Subject to a minimum of ₹ 559.00)

Notes:

1. The trade is permitted to make their own arrangements for supply of water for vessels at berths in the northern arm (EQ.1 to EQ.4, WQ.1 to WQ.3)

2. Service charges equivalent to 50% of the charges prescribed for supply of water will be levied on the water requisitioned and not taken by the vessel provided the quantity not taken is more than 10% of the quantity requisitioned by the vessel. The charges for supply of water at mooring will include the services of water barges and hoses.

7.2. Fire float charges:

Item No	Description	Unit	Rate [in ₹]	Minimum Charges [in ₹]
1.	For salvage and other purposes.	Per hour	693.56	2080.70
2	For stand by duties.	Per hour	347.05	1387.00

7.3 Fire tender charges:

Item	Description	Unit	Rate (in ₹)
1.	Fire Tender [All types of fire tenders]	Per hour	600.00

Notes:

(1). No charges will be levied for fighting fires in ships lying in the port limits.

(2). These charges are inclusive staff charges and their overtime.

7.4 Trail or Pump

Item	Description	Unit	Rate (in ₹)
1.	For all types of Pumps	Per hour	300.00

7.5 Miscellaneous charges:

Item	Description	Unit	Rate (in ₹)
1.	Yokohama fenders	Per day or part thereof	1064.00
2.	**Pollution control charges including sprinkling and sweeping [Except cargoes handled by mechanical system i.e. Iron Ore, Pellets, Aluminium & cargoes at Fertiliser berth]**		
	For Dry bulk	Per Tonne or part thereof	1.50
	For Break Bulk	Per Tonne or part thereof	0.50
3.	**60 Ton Road Weighbridge**		
	Per Truck [Loaded or Empty]		11.50
	Per Trailor [Empty]		11.50
	Per Trailor [Loaded]		23.00
4.	Shifting of fenders	Per shifting	10,000.00
5.	Levy on Bunkers supplied through bunker Barges / Vessels	Per K.L	6.00
6.	Duplicate copy of bills	Each copy	50.00
7.	Certificate of payment / weighment	Each certificate	50.00
8.	Amendment copy	Each amendment	50.00
9.	Scale of rates	Each Floppy/ Compact Disk/ Hard copy	100.00
10.	**Supply of Berthing Programme**		
	Without postage at TM's office	Per copy per year	1000.00
	With postage	Per copy per year	3000.00
	Additional copy	Per copy per year	250.00

7.6. Dry docking charges:

7.6.1.1 For use of Dry dock at Visakhapatnam Port Trust Inner Harbour:

Item	Description	Unit	Foreign going vessels in US $	Coastal vessels in (₹)
1.	On the 1st day to 14th day	Per day	995.13	27,967.00
2.	From 15th to 30th day	-do-	1492.21	41,937.00
3.	From 31st day onwards	-do-	1990.25	55,934.00

Notes :

(1). The above charges include shipwright and pumping charges but do not include charges for supply of fresh water, cranes, electric lights and other facilities.

(2). Time is reckoned from the moment any part of the vessel passes the gate line when entering to the moment the whole vessel is clear of the gate line or leaving the deck.

(3). Day means a period of 24 hours or part thereof calculated from the time fixed in Note.2.

(4). The VPT may at its discretion permit the use of the Dry Dock for more than one vessel at the same time. On such occasions, the Dock charges of a vessel, which has completed her repairs earlier than the other vessel or vessels, and whose undocking is delayed, due to the non-completion of the repair to the latter, will be levied upto the end of the day on which the work on that vessel is completed. The time between the completion of work or a particular vessel and the final undocking of all the vessels will be treated as 'Dies-non'.

(5). When the Dock is used simultaneously by two or more crafts belonging to Private parties or to the other Departments of Government or belonging to the Port the total charges may be charged proportionately, the proportion being decided by the VPT on the basis of floor area occupied subject to a limit of not less than half the charges prescribed for each vessel. The decision of the VPT in the apportionment of charges shall be final.

7.6.1.2 Dock Block Preparation Charges:

(**in ₹ per vessel**)

Sl. No.	**Description**	**Unit rate**	**Length of vessel upto 50 mtrs.**	**Length of vessel above 50 mtrs. upto 100 mtrs.**	**Length of vessel above 100 mtrs.**
(i).	Flat Bottom vessels	Composite rate	70,000/-	87,500/-	1,05,000/-
(ii).	Shaped vessels		1,20,000/-	1,60,000/-	2,00,000/-

Notes:

The dock block preparation charges include all cost involved including materials for preparation of Keel Blocks. The above charges do not include preparation of Bilge Blocks for which the materials are required to be supplied by the vessel owner.

7.6.1.3. Composite Docking and Undocking charges:

(i). The Composite Docking and Undocking charges will be levied at US$ 2117.95 per foreign going vessel and ₹ 59,523/- per coastal vessel.

(ii). In case of 2nd Docking, a rate of US$ 767.22 per foreign going vessel and ₹ 21,562/- per coastal vessel will be levied.

7.6.1.4 Block Shifting Charges:

Block Shifting Charges will be levied on actuals.

7.6.2. Visakhapatnam fishing harbour:

7.6.2.1. Consolidated charges for mechanized fishing boats/Trawlers (Mini & Big)

Sl. No.	**Particulars**	**Unit**	**Frequency of Payment**	**Rate per month (in ₹)**
1.	Mechanised Fishing Boat	Per Boat	Per Calender month	200.00
2.	Fishing Trawler [Mini] Upto 14 NRT	Per Trawler	Per Calender month	1500.00
3.	Fishing Trawlers [Big] Above 14 NRT	Per Trawler	Per Calender month	3000.00

Notes:

(1). The above consolidated charges are inclusive of port dues, berth hire and wharfage.

(2). The consolidated charges are collected irrespective of stayal of days at Fishing harbour during the Calender Month.

(3). For Government Survey/ Training Vessels i.e. CIFNET, FSI & CIFT involved/deployed for scientific survey of marine resources and training operations the Berth hire as specified below is applicable and no Port dues and Wharfage charges are charged on the three Government Survey/Training vessels.

Sl. No.	Particulars	Unit	Berth Hire per day (in ₹)
1.	Fishing Trawler [Mini] Upto 14 NRT	Per Day or part thereof per Trawler	67.64
2.	Fishing Trawlers [Big] Above 14 NRT	Per Day or part thereof per Trawler	101.57

(4). Fishing Trawlers/Boats which are involved for the activities other than fishing, shall not be entitled for the charges applicable for Fishing Boats/Trawlers.

7.6.2.2 Schedule of pilotage fees:

"If mechanised fishing boats / fishing trawlers (Mini or Big) require the services of port's pilot for towing, then a consolidated pilotage fees of US$ 472.50 for foreign-going vessel and ₹ 12629.90 for coastal vessels shall be levied".

7.6.2.3 Schedule of shifting charges for fishing trawlers [mini or big] with the usage of tug:

Sl. No.	Particulars	Unit	Foreign going vessels (in US $)	Coastal vessels (in ₹)
1.	Fishing Trawler [Mini] Upto 14 NRT	For each operation	4.75	126.95
2.	Fishing Trawlers [Big] Above 14 NRT	For each operation	13.30	355.50

General Notes relating to shifting charges:

(1). "**Shifting"** shall mean movement of Fishing trawlers [Min or Big] within the same harbour or from inner harbour to outer harbour or vice versa.

(2). Shifting charges includes charges for mooring and unmooring operations with use of tugs.

7.6.2.4 Slipping in and slipping out charges of the mechanised fishing boats / fishing trawlers [mini and big]

Sl. No.	Particulars	Rate [in ₹] For both operations
1.	Mechanised fishing boat	2,800.00
2.	Fishing Trawler [Mini] Upto 14 NRT	11,000.00
3.	Fishing Trawlers [Big] Above 14 NRT	28,000.00

7.6.2.5 Slipway repair berth hire charges for slipway complex including approach jetties to slipway complex and fishing harbour dry dock

Sl. No.	Particulars	Rate per day [in ₹]
1.	Mechanised fishing boat	[I] For 1st Day ₹ 300.00 [ii] From 2nd Day onwards ₹ 150.00
2.	Fishing Trawler [Mini] Upto 14 NRT	550.00
3.	Fishing Trawlers [Big] Above 14 NRT	1200.00

Note: The charges for all types of services at slipway complex shall be deposited in advance.

7.6.2.6. Docking and undocking charges for dry dock at fisheries harbour

Docking and undocking charges for both operations ₹ 44,000/- per day.

7.6.2.7. Dry docking charges for dry dock at fishing harbour.

(i).	For first day	₹ 16,000/- per day
(ii).	From 2nd day to 10th day	₹ 13,000/- per day
(iii).	From 11th day to 20th day	₹ 16,000/- per day
(iv).	From 21st day to 30th day	₹ 26,000/- per day
(v).	From 31st day to 37th day	₹ 46,000/- per day
(vi).	From 38th day to 44th day	₹ 56,000/- per day
(vii).	From 45th day to 51st day	₹ 66,000/- per day
(viii).	From 52nd day to 58th day	₹ 76,000/- per day
(ix).	From 59th day onwards	₹ 86,000/- per day

Notes:

(1). The above rates as at 7.6.2.6 and 7.6.2.7 are applicable for trawlers of 125 tonnes and more capacity.

(2). Trawlers of less than 125 tons. Capacity are to be charged at a consolidated amount of ₹ 50,000/- plus actual charges of slipway as at item 7.6.2.4 & 7.6.2.5 for the trawlers less than 125 ton capacity using dry dock.

(3). The rates are applicable to each trawler irrespective of the number of trawlers in the dry dock.

(4). The above rates at 7.6.2.4 to 7.6.2.7 will become double in respect of vessels other than fishing vessels i.e. Mechanised fishing boats and Fishing Trawlers.

7.6.2.8 Levy on bunkers:

Nomenclature	Unit	RATE [in ₹]
Levy on bunkers to fishing trawlers / mechanised fishing boats	Per litre	0.04

7.6.2.9 Charges for disposal of oil bilge:

Sl. No.	Description	Unit	Rate (in ₹)
1.	Disposal of Oil bilge residues from ships		
	a) Hire charges for Fixed Oil Boom	Per ship per shift of 8 hours or part thereof	2944.00
	b) Hire charges for Floating Oil Boom		7590.00

SECTION– 8

CHARGES FOR ISSUAL OF LICENCE:

(Rate in ₹)

Sl No.	Particulars	Rate per license		
		Duration	Fresh	Renewal
1.	Stevedoring	2 years	5175.00	5175.00
2.	Ship repairing	1 year	2415.00	2415.00
3.	Chipping and painting	1 year	1265.00	1265.00
4.	Ship Chandelling	1 year	517.50	517.50
5.	Other trader licenses	1 year	345.00	345.00
6	Co-opering license	1 year	100.00	100.00
7	Fresh water issue licence	1 year	5000.00	5000.00

Note: Late fee of ₹ 100.00 shall be levied if the application for renewal is not received before one month of the expiry of the licence.

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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/13/2009 - VPT - Proposal from the Visakhapatnam Port Trust for general revision of its Scale of Rates.

A summary of comments received from the users/ user organisations and the comments of Visakhapatnam Port Trust (VPT) thereon are tabulated below:

Sl. No.	Comments of users / user organisations	Comments of VPT
1.	**Association of Indian Fishery Industries**	
	We have no objection for the General Revision of its Scale of Rates at Fishing Harbour, Visakhapatnam, by VPT as VPT has not increased the existing rates, charged as consolidated charges, which are inclusive of Port dues, Berth hire and Wharfage charges. Similarly, VPT has not increased the Slipping in and Slipping out as well as the Slipway repair berth hire charges for the fishing vessels. We agree with VPT, who has maintained the status quo, without increasing the existing rates in the fishing harbour, as far as the rates for the fishing vessels are concerned.	No comments furnished.
2.	**Tamil Nadu Electricity Board**	
(i).	Regarding vessel related charges viz. Port dues, Berth hire and Pilotage, the rates have been expressed in US dollar. As such the rates will fluctuate based on the strength of the rupee against the dollar. It is requested that the Scale of Rates for the vessel related charges may be expressed in terms of Indian Rupees followed hitherto so as to avoid the implications of the exchange rates.	Vessel related charges for foreign going vessels are denominated in dollars and are recovered in Indian rupees as per clause 6.1.1. of TAMP guidelines.
(ii).	In the proposal it is seen that in the Scale of Rates for the vessel related charges, the port dues has been increased by 17.31%, the pilotage charges has been hiked by 12.15% and the berth hire chares by 7% for vessels of 28000 GRT (Assumed 1 USD = ₹ 50/-). The overall increase in the total port charges (vessel related) payable works out to 13.37%. Considering the present recession, any hike in the port related charges will affect the industries such as power, steel, etc.	(a). <u>Port Dues</u>: Single slab is proposed to adhere to the TAMP guidelines. As TNEB handles thermal coal which comes under residual category the hike proposed is only 4.38% and not 17.31% as stated. (b). <u>Pilotage</u>: These charges were infact proposed for reduction in case of iron ore vessels and POL vessels and no change is proposed for residual category. Hence contention of TNEB that the pilotage charges increased by 12.15% is not correct. (c). <u>Berth hire</u>: Existing berth hire are proposed to continue for iron ore vessels, POL vessels and non crane berths of residual category. Only for crane berths, VPT has proposed hike in charges as port is incurring huge loss in respect of crane berths owing to maintenance of higher capacity wharf cranes. The operational expenditure incurred during 2008-09 is ₹ 14.48 crores where as revenue realized on account of berth hire is only ₹ 10.40 crores.
(iii).	TAMP may consider and retain the existing Scale of Rates for the vessel related charges.	No comments furnished.

	Further in case of delays attributable to port, for example, Go-slow tactics by Vizag Port Dock Labour Board labourers, etc., it is requested that TAMP may consider exemption from berth hire charges for the vessels.	
3.	**Steel Authority of India Limited**	
(i).	Interest % is left blank in the general terms and conditions note 6(i).	The interest rate is SBI PLR + 2% as per clause 2.18.2 of TAMP guidelines.
(ii).	Section 2, 2.1. Port dues - Rate per GRT is increased from US$ 0.251 to US$ 0.262. Increase is 4.4%. For coastal vessels earlier rate was in Indian Rupee which is not indicated here as to what rate is applicable to coastal vessels. However below the table a remark has been given where it is mentioned that vessels under "commercial operations" which could be an error. Can this be "Coastal operation" ? The word "commercial" has been used in other places too.	Yes. As per clause 6.1.2 of TAMP guidelines, the charges for coastal vessels is 60% of the foreign going vessels. However, as pointed out the word "Commercial Operations" will be corrected as "Coastal Operations".
(iii).	Section 2, 2.3.3. Berth hire - For vessels 10001 to 30000 GRT the rates is increased from US$ 0.00215 per GRT per hour to US$ 0.0041 per GRT per hour. The increase is by 90.7%. This is very high. This needs reconsideration.	The said increase is made applicable only for crane berths, owing to maintenance of higher capacity wharf cranes. It has reiterated its submission made earlier in this regard and further stated that reduction is proposed in Pilotage charges to offset the increase in berth hire charges.
(iv).	Section 2.3.3.(b)(i) Overstayal of vessel - Penal berth hire charges is increased from equivalent to 5 times. Increase is very high. Needs reconsideration.	These charges applicable only, if the over stayal of the vessel exceeds beyond 15 days after completion of loading or / (and) unloading operations or idled for various reasons then the Penal berth hire equivalent to five times of the normal berth hire for such excess period shall be levied in addition to the normal berth hire charges. This clause was introduced only to discourage the over stayal of the vessels and the same was approved by TAMP, now incorporated in the Scale of Rates.
(v).	Section 4, 4.1.3. Wharfage - Earlier rate was ₹ 26 per ton for foreign cargo. This has been reduced to ₹ 24 per tonne. Similarly coastal cargo rate has been reduced from ₹ 15.60 to 14.40 per tonne.	No comments furnished.
(vi).	Section 4.6.2. - Point No.6 is missing	Proposed to delete in toto.
(vii).	Section 6: Note(1) - At 3rd line word "condemned". This could be "condoned".	Yes. It will be corrected as Condoned.
4.	**M/s.Coromandel Fertilisers Limited**	
	The State and Central Governments are giving top prominence to agriculture and fertiliser industry in view of extremely tight availability situation of fertilisers. To facilitate continuous / more production of fertilisers, Government has also given the directive to all the ports for giving priority for berthing of vessels bringing fertilisers/ fertiliser raw materials from time to time. On the similar lines to sustain the costs, it is requested TAMP to look into the feasibility of giving 50% concession in the wharfage charges collected from our company payable to port or 50% concession may be extended even for the cargos handled at our fertilisers berth.	The request is not based on the cost statements annexed to the tariff proposal. VPT has already proposed for reduction in wharfage charges of Finished fertilisers from ₹ 27.50 ps to ₹ 26/- per tonne and on Raw Fertilisers from ₹ 26.50 ps to ₹ 25/- per tonne in the proposed Scale of Rates. No further concession is possible as per the tariff proposal. However, VPT is offering certain concessions to the Trade on entering in to MOU with VPT as per Trade Policy declared. M/s.CFL may be advised to avail such concessions if desired.

<table>
<tr><td>5.</td><td>Vizag Seaport Private Limited</td><td></td></tr>
<tr><td>(i).</td><td>VPT has proposed reduction in wharfage of rates of certain items like crude oil, coal, gypsum, etc. When VSPL proposed for reduction in wharfage rates for most of the cargo items to bring it on par with the rates prescribed in Scale of Rates of VPT, it was not accepted by TAMP on the ground that:
(a). Reduction in rates for selected few items will mean a disproportionate increase in some other tariff categories and
(b). In view of the overall deficit position of VSPL.</td><td>No comments furnished.</td></tr>
<tr><td>(ii).</td><td>Same analogy applies here too for the following reasons:

Overall deficit position of VPT at existing and proposed tariff are given below:

<table><tr><th>Year</th><th>Existing tariff (₹ in lakhs)</th><th>Proposed Tariff</th></tr><tr><td>2009-10</td><td>3177.88</td><td>3810.88</td></tr><tr><td>2010-11</td><td>3433.81</td><td>4111.77</td></tr><tr><td>2011-12</td><td>2741.87</td><td>3416.79</td></tr></table>
With increase in overall deficit position under proposed tariff, reduction in wharfage rates is not desirable.</td><td>The overall deficit of VPT is mainly due to deficits disclosed in the activities of Railway working and Estate Rentals i.e. ₹ (-3614.29) lakhs in 2009-10, ₹ (-4030.40) lakhs in 2010-11 and ₹ (-4263.24) lakhs in 2011-12. To recoup these deficits, suitable proposals will be sent to Railway Board and in respect of Estate appropriate measures will be explored. The activity wise cost sheet for cargo handling is showing surplus and even the sub activities with in cargo handling like POL handling, coal handling fertiliser and other general cargo handling are showing surpluses. Accordingly, VPT proposed for reduction in wharfage charges for major cargoes.
Regarding wharfage rate of Gypsum, separate rate is not available in the existing Scale of Rates and as such VPT is charging the rate of unenumerated cargo. It is now proposed to adopt a separate wharfage rate for Gypsum considering its FOB value and equivalent cargoes.</td></tr>
<tr><td>(iii).</td><td>Further the overall deficit is bound to increase further in future if the following factors are taken into account:</td><td></td></tr>
<tr><td></td><td>(a). There is shortfall in balance available in the pension fund as per actuarial valuation which is not provided for. Pension fund contribution is restricted to 27% of salary and allowances, pension liability as per actuarial valuation is ₹ 924.82 crores against the pension fund balance of ₹ 688.56 crores as on 31 March 2009.</td><td>The annual contribution to Superannuation Fund has been made @ 27% of salaries and pension as per Rule 87(1) of IT Rules, 1962. Also 2.5.2. of TAMP guidelines provides that one time expenses such as arrears of wages, pension, VRS compensation, contribution to Pension Fund for past liability etc. will not be allowed as admissible cost while determining tariff. Hence the shortfall in Pension Fund as per actuarial valuation is not considered.</td></tr>
<tr><td></td><td>(b). Return on Capital has been computed on depreciated asset base as per TAMP 2005 guidelines. Hence tariffs are sloping downwards and could reach further downwards in the years to come given the age of VPT. Of course this is the inherent limitation of the 2005 guidelines.</td><td>It is as per TAMP guidelines.</td></tr>
<tr><td></td><td>(c). Actual Capital expenditure of VPT in the years 2009 to 2012 shall turn to be higher as per the details of proposed additions to gross block in Form-4 B. The projections of next three years shall duly factor the capital cost relating to deepening of inner harbour entrance channel and turning circle from 11 to 12.5 mtrs. draft vessels.</td><td>All the additions to gross block envisaged at the submission of proposal are already factored in. However the capital expenditure now contemplated in capital budget for 2010-11 towards phase II & III of deepening of inner harbour will be considered after its completion (expected to be in the year 2012-13) in next revision of Scale of Rates.</td></tr>
</table>

(iv).	It is, therefore, requested to contend that there may not be any scope for reduction of existing tariff rates by VPT in their proposed Scale of Rates.	No comments furnished.
6.	**Hindustan Petroleum Corporation Limited**	
(i).	Wharfage charges for exports of petroleum products are proposed to be reduced from ₹ 57.50/KL to ₹ 49/KL. The revised rate proposed is very high and needs to be drastically reduced for the following reasons:	The reasons brought out by M/s.HPCL claiming the need for reduction in wharfage charges have no relevance to VPT's cost statements. Hence there are no further comments to be offered.
	(a). The jetty where petroleum products are loaded is very old and fully depreciated.	
	(b). Petroleum products are clean cargoes	
	(c). Hoses and other facilities at the jetty are owned by HPCL.	
	(d). VPT does not incur any expenditure towards operation, maintenance, security, etc. at the jetty.	
	(e). HPCL is a PSU and is the only Oil Company at Visakhapatnam exporting petroleum products.	
	(f). HPCL is one of the oldest customers of VPT.	
	(g). HPCL has expanded its capacity manifold since its inception and VPT has gained enormously from the resultant increased traffic of crude oil and petroleum products over the years without any further investment or expenditure at the jetty.	
(ii).	Port dues for foreign going vessels are proposed to be increased from $ 0.2187 / GRT to $ 0.262 / GRT. Petroleum products are handled from the oil jetty which is exclusive to oil companies like HPCL. From the justification given by VPT for increase in port dues, it appears that various costs related to cargoes other than petroleum products also are sought to be loaded on petroleum products which is unjustified. VPT needs to identify the cost if any incurred for handling petroleum products exclusively for arriving at port dues chargeable for such products. In such case, the port dues would need to be even reduced from the present level.	In the proposed Scale of Rates, for Port dues single slab rate is proposed to adhere to the TAMP guidelines.
(iii).	Pilotage charges for foreign going vessels are proposed to be reduced nominally. Considering the reasons mentioned above under port dues costs, if any, incurred by VPT for handling petroleum products exclusively need to be re-worked and pilotage charges need to be further reduced.	Since the cost statements of vessels related activity are showing deficits, no further reduction could be proposed.
(iv).	Berth hire charges are proposed to be retained unchanged. Again for the reasons mentioned under port dues, these charges also need to be reduced further based on costs, if any, incurred by VPT for handling petroleum products exclusively.	
(v).	Water charges for foreign going vessels are proposed to be retained at $ 3.241 per 1000 litres which is about ₹ 150/- per KL HPCL presently is paying ₹ 29.97 / KL to Greater Visakha Municipal Corporation (GVMC)	The existing rates are proposed to continue. In this connection it is to state that the charges for supply of water at moorings are inclusive of costs incurred on storage of water in ground water tanks, elevated water tanks, water supply

	for treated water. Moreover it is noted that the water supplied by VPT is untreated. Hence there is a strong case for VPT to reduce the water charges atleast to that incurred by HPCL.	installations, barges and hoses. Hence, it is not comparable with GVMC water charges.
(vi).	Charges proposed in $: Vessel related charges for coastal vessels are proposed to be linked to the rates prescribed in dollar for foreign going vessels. Hitherto, these rates have been in Indian Rupees and the existing system of rates needs to be continued for coastal vessels. Linking these charges in dollar terms would expose us to vagaries of foreign exchange rate fluctuations. Moreover, since both VPT and HPCL are in public sector, prescribing charges in dollar is unjustified and questionable.	As per TAMP guidelines vessel related charges for foreign going vessels are denominated in $ and 60% of foreign rate is applicable for coastal vessels.
(vii).	Notwithstanding the foregoing, the margins of oil industry in India are severely squeezed due to administration of prices of sensitive petroleum products by the Government. HPCL being a PSU is duty bound to be managed in a manner beneficial to the customer in the larger National interest. Therefore, a favourable view needs to be taken to mitigate the hardship to HPCL by fixing realistic charges payable to VPT.	No comments furnished.
7.	**National Aluminium Company Limited**	
(i).	Section 2 (Vessel Related Charges): (a). Under Clause 2.3.4. (General notes relating to berth hire), point no.5 (Ousting priority / Priority berth hire), a fee equivalent to berth hire for a single day (24 units of one hour each) or 100% of the berth hire for the total period of actual stay in the berth whichever is higher is proposed for providing 'ousting priority' to any vessel. The clause also states that if a vessel is shifted from the working berth to Anchorage / Idle berth/ mooring to accommodate ousting priority vessel and bought back to working berth subsequently, the shifting / pilotage of such vessel shall be levied on the vessel enjoying ousting priority. However, sometimes even after giving ousting priority request 48 hrs. before arrival of vessel as per port requirement with all documents in order, there is delay in berthing of incoming vessel having ousting priority by shifting the working vessel from a particular berth. Therefore, there is no justification in levying additional berthing / shifting charges in full on the vessel enjoying ousting priority in case there is delay in berthing.	No comments furnished.
	(b). Hence, it is suggested that if there is delay in berthing of vessel enjoying ousting priority by more than 1 shift, subject to all documents in order, there should be concession in shifting / pilotage charges for ousting priority on pro rata basis.	

2. The revised proposal of VPT alongwith the revised Scale of Rates was forwarded to the users / user associations consulted earlier for their comments, if any. The comments received from the users / user organisations were forwarded to the VPT as feedback information. A summary of comments received from the users / user organisations and comments of VPT thereon are tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of users / user organisations</th><th>Comments of VPT</th></tr>
<tr><td>1.</td><td>Visakha Container Terminal Private Limited</td><td></td></tr>
<tr><td>(i).</td><td>There is a considerable hike in the vessel Related Charges which is elaborated in the following paragraphs:</td><td></td></tr>
<tr><td></td><td>(a). Port Dues is proposed to be increased by 4.38%.</td><td>As per TAMP guidelines 2005, clause 6.10 Port dues are to be on a single slab of GRT. Hence these charges were rationalised and hence there is slight increase in port dues. Present rates are in existence since 2001.</td></tr>
<tr><td></td><td>(b). Pilotage
<table>
<tr><th>GRT</th><th>Existing (per GRT)</th><th>Proposed</th><th>% of increase</th></tr>
<tr><td>Upto 10000 GRT</td><td>$ 0.326100</td><td>$ 0.51400 per GRT</td><td>57.62</td></tr>
<tr><td>10001-30000 GRT</td><td>$ 0.340200</td><td>$ $ 0.51400 per GRT</td><td>51.09</td></tr>
<tr><td>30001-60000 GRT</td><td>$ 0.489600</td><td>$ 15420 + $ 0.4112 per GRT</td><td>4.3% to(5.5)%</td></tr>
<tr><td>60001 and above</td><td>$ 0.489600</td><td>$ 27756 + $ 0.3598 per GRT</td><td>6%</td></tr>
</table>
In the proposed Scale of Rates, there is a huge increase in pilotage charges by more than 50% for the vessels less than 30000 GRT.</td><td>As per TAMP guidelines, existing 3 slabs of GRT revised. As a result, in fact, there is reduction in pilotage charges for the vessels ranging from 30001 to 60000 GRT. Due to increase in operational costs like salaries, Power, R&M costs as well as deployment of hired tugs to augment tug power, it is inevitable to increase the vessel related charges.</td></tr>
<tr><td>(ii).</td><td>Berth Hire
(Charges per hr per GRT in US $)
<table>
<tr><th>Vessel size</th><th>Existing</th><th>Proposed</th><th>% of increase</th></tr>
<tr><td>Upto 10000 GRT</td><td>0.002300</td><td>0.00370</td><td>60.87</td></tr>
<tr><td>10001-30000 GRT</td><td>0.001070</td><td>0.00370</td><td>245.79</td></tr>
<tr><td>30001-60000 GRT</td><td>0.001800</td><td>0.00370</td><td>105.56</td></tr>
<tr><td>60001 and above</td><td>0.001800</td><td>0.00370</td><td>105.56</td></tr>
</table>
In the proposed revision, there is a very steep increase upto 246% in berth hire charges.

VPT in their proposal had mentioned that Port is incurring huge loss in the sub-activity “Berthing” owing to maintenance of higher capacity wharf cranes. In the case of VCTPL, the berth is allocated on a BOT basis for 30 years and VCTPL has invested heavily in the equipments and related infrastructure for handling containers. The reasons mentioned for increase in berth hire is not relevant for container vessels.</td><td>VPT is collecting berth hire on M/s.VCTPL berths at par with non-crane berths of VPT. The charges for equipments provided are being collected by VCTPL by way of container handling charges.

VPT had incurred about ₹ 56 crores for construction of berth and the depreciation & allowed ROCE itself works out to ₹ 9.70 crores while berth hire charges accruing to VPT is only ₹ 0.85 crores No change in the vessel related charges is made since 2001 by VPT. In view of the above, the proposed revision in rates is justified.

However, as advised by TAMP in the Joint hearing held on 2.11.2010, the impact of the proposed revision is smoothened. Also, VPT extended 35% discount in Port Dues and Pilotage charges for Mainline Container vessels and 25% discount for all the container vessels.</td></tr>
<tr><td>(iii).</td><td>Vessel Related Charges:</td><td></td></tr>
<tr><td></td><td>(a). The overall increase in vessel related charges with the proposed increase in the Scale of Rates is given below:</td><td>No separate comments furnished.</td></tr>
</table>

Vessels	Increase in total Vessel Related Charges
Upto 10000 GRT	38.71%
10001-30000 GRT	48.41%
30001-40000 GRT	15.31% - 12.20%
40001-60000 GRT	12.20% -9.09%
60001 and above	9%

The container vessels calling this port will have to bear the brunt of the proposed steep increase in their vessel related costs.

(b). With the existing tariff itself, the Vessel Related Charges at Visakhapatnam are one of the highest in the country. Further, increase in the Vessel Related Charges will act as a dampner to the trade especially for the container vessels that wish to call Visakhapatnam. It has furnished a table comparison of Vessel Related Charges amongst the major ports in our country with the proposed tariff increase in Visakhapatnam for a vessel stay of 24 hrs.

(c). As can be seen, Visakhapatnam will be the most expensive port for container vessel to call when compared to the above mentioned ports in almost all the GRT slabs. The growing interest in Visakhapatnam as a port of choice amongst the container trade has just begun. This high increase in the vessel related charges will make Visakhapatnam unviable for a container vessel to call when compared to neighbouring ports. The need of the hour is to attract more container vessels to call Visakhapatnam by offering incentives rather than increasing the vessel related costs. This will eventually increase the port revenue and generate higher tonnage.

(d). VPT has been kind enough to offer discount of 35% on main line vessels and 25% on feeder vessels with GRT> 27000 since November 2009. As can be seen from the table below, the revenue earned, post declaration of the discounts, through the vessel related charges for the container vessels has on the contrary increased.

Period	Total Income earned by VPT on VRCs (in ₹)		
	2009-10 (Prior Discount on VRC)	2010-11 (Post Discount on VRC)	Revenue Increase
April - August	47,613,274	50,315,251	5.7%

(e). Due to reduction in vessel related charges, the VCTPL have been able to aggressively market for new services. As a result, Maersk Line has recently announced its main line service to China and also will be undertaking transshipment of Kolkata traffic at Visakhapatnam. This would induce small feeder vessels to operate between Kolkata and Visakhapatnam increasing the number of vessel calls and hence the revenue of the Port.

Considering the above factors, the overall increase in the Vessel Related Charges need to be reconsidered, especially for the container vessels, as

	the container trade is just growing in Visakhapatnam port. Any undue increase in the port cost will have an adverse effect especially on the container trade at this port.	
2.	**The Shipping Corporation of India Ltd.**	
(i).	The general revision of scale of rates proposed by VPT should be based on actual figures at the start and end of the revision cycle and that the same should be reworked and submitted for their consideration alongwith their growth (traffic) projections upto the year 2013.	The TAMP's guidelines and formats prescribed for cost statements meet such requirement and VPT furnished cost statements accordingly as per such guidelines, the observation has already been met.
(ii).	It is suggested that commensurate with the efficiency parameters instituted/ invested in by VPT, the same should be accompanied by reduction / savings in costs to port / terminal users and any loss in revenues due to reduction in volumes due to prevailing recessionary conditions, loss of business to the VPT etc. could not be expected to be subsidized by port / terminal users.	Actual traffic handled by VPT during past 3 years and projection for next 3 years of the tariff cycle are as below: 2007-08 64.59 MT 2008-09 63.91 MT 2009-10 65.50 MT 2010-11 65.49 MT 2011-12 70.10 MT 2012-13 77.35 MT Thus, there is no reduction in volumes and VPT had not proposed for subsidization by users.
(iii).	(a). In the proposal received from VPT for fixation of tariff for its container terminal / port, VPT themselves has submitted to TAMP vide their letter No.FA/ Cost/ TAMP/SOR/2010 dated 26th August 2010 that they may be permitted to continue with the interim tariff arrangement as they were unable to arrive at reasonably confident level of achievement with respect to the traffic projections made by them and which forms the basis for fixation of tariff for its container terminal. (b). It may also be worthwhile to note that on the proposal received from VPT for general revision of its Scale of Rates, port users in unison had submitted that most vessels would fall in the 30,000 GRT slab and would attract an increase of 48.5% if the proposed rates are approved by TAMP, with the container trade in Vizag in its infancy as far as volumes are concerned. These increases would make Vizag costliest port and commercially unviable.	The observation is not tenable since VPT's letter does not contain such statements. As per cost statements submitted to TAMP, Port & Dock Facilities activity of VPT is depicting continuous deficits of ₹ 37.20 crores, 70.56 crores, 95.14 crores and 150.32 crores for the years 2009-10 to 2012-13 due to revision of Pay & allowances and price escalations of fuel & other heads of expenditure. However, as advised by TAMP, the proposed increase in berth hire is reduced duly proposing 2 slabs of GRT ranges in order to smoothen the effect of impact. Concerning to the Container Vessels, VPT extended 35% discount in Port Dues and Pilotage charges for Mainline Container vessels and 25% discount for all the container vessels.
(iv).	In view of abovementioned, it is submitted that there should not be any revision in scale of rates as proposed by the VPT.	As per TAMP guideline clause 3.1.2, proposal for revision of existing tariff shall be forwarded atleast 3 months before the tariff due for revision. VPT had filed for revision of SOR duly complying the TAMP prescribed conditionalities. Hence there are no further remarks.
3.	**Tamil Nadu Electricity Board**	
(i).	<u>Vessel Related Charges</u>:	
	(a). In the proposal for revision in the vessel related charges viz. Port dues, Berth hire and Pilotage it is noted that the rates have been expressed in US $. As such the rates will be fluctuated based on the strength of the rupee against the dollar. The conversion rate to be adopted has to be clearly specified.	VPT had considered dollar exchange rate as ₹ 46.26 for preparing cost statements for the present proposal. Since the basic rates of vessel related charges are revised, the equivalent concessional rates for coastal rates are required to be worked out at the exchange rates prevailing at the time of

<table>
<tr><td rowspan="7"></td><td></td><td>finalizing the this analysis as was done by TAMP in earlier General Revision of SOR. The equivalent tariff for coastal vessels will be derived accordingly.</td></tr>
<tr><td>(b). The cost implication due to the above proposed revision in the scale of rates has been worked out assuming the GRT of vessels utilized by TNEB / PSC in the Vizag Sector as less than 30000 and also availing 60% concession given to coastal vessels. It has furnished detailed working to show that for moving the quantity of about 2.85 MTPA through the Visakhaptanam Port, the additional expenditure that is expected to be incurred by TNEB due to the present revised proposal is about ₹ 213 lakhs per annum as against ₹ 21 lakhs per annum which would have been incurred if the earlier revision proposed (Oct. 2009) had been implemented.</td><td rowspan="2">The need for revision of vessel related charges is well established as per the cost statements consequent of revision of Pay & allowances and other price escalations and submissions made before joint hearing duly explaining the increase in various cost elements. It has reiterated the clarifications made on the comments of Shipping Corporation of India.</td></tr>
<tr><td>(c). The increase in the Port dues, Pilotage and Berth hire charges of the earlier revision proposed and the present revised proposal when compared with the present applicable rates is detailed below:

<table>
<tr><th rowspan="2"></th><th colspan="2">% Increase on the Present rates</th></tr>
<tr><th>Original Proposal</th><th>Revised proposal</th></tr>
<tr><td>Port dues</td><td>10.0%</td><td>10.0%</td></tr>
<tr><td>Pilotage</td><td>5.4%</td><td>59.0%</td></tr>
<tr><td>Berth hire</td><td>1.0%</td><td>248.0%</td></tr>
</table></td></tr>
<tr><td>(d). VPT have revised the vessel related charges namely Pilotage and Berth hire exorbitantly owing to the maintenance of the higher capacity wharf cranes. There is justification in increasing the berth hire charges for crane berths. But, there is no justification for increasing the non-crane berths which TNEB/ PSC vessels are presently utilizing for loading the coal at VPT. The increase proposed in pilotage in the revised proposal is also without any proper justification.</td><td>Comparing the vessel related charges with other ports is not justifiable, as the infrastructure and geological conditions are different from port to port. It is once again reiterated that VPT proposed hike only to match the costs incurred by port and allowed rate of return.</td></tr>
<tr><td>(e). In the statement given for providing annual financial implication of the earlier revision proposed, the additional revenue from vessel related charges to VPT was projected at ₹ 293 lakhs, ₹ 366 lakhs and ₹ 436 lakhs in the years 2009-10 to 2011-12 respectively. Since the original proposal itself was able to fetch additional revenue further increase in the vessel related charges in the present revision is not at all justified.</td><td rowspan="3">No comments furnished.</td></tr>
<tr><td>(f). On comparison of the present proposed revision in the scale of rates for the vessel related charges with the load ports of Haldia and Paradip it is seen that the proposed revision at Vizag Port for port dues is higher than Paradip and in respect of pilotage it is higher compared to Paradip & Haldia. The berth hire charges is also higher than the corresponding rates applicable at the load ports of Haldia and Paradip.</td></tr>
<tr><td>(g). Considering the present recession, any hike in the port related charges will affect the industries such as Power, Steel etc. Hence TAMP may retain the existing scale of rates for the vessel related charges without any increase. In the case of delays attributable to Port, for example, Go-slow tactics by Vizag Port Dock Labour Board labourers etc. TAMP may consider exemption from berth hire charges.</td></tr>
</table>

<table>
<tr><td>(ii).</td><td><u>Cargo Related Charges</u>:</td><td></td></tr>
<tr><td></td><td>(a). In respect of Hire charges for Harbour Mobile cranes used for loading of Thermal coal the following are the rates proposed by VPT to TAMP:
<table>
<tr><th>Average Daily Crane Performance</th><th>Ceiling rate Per Tonne for Foreign Vessel</th><th>Ceiling rate Per Tonne for Coastal Vessel</th></tr>
<tr><td>9500-10499</td><td>28.25</td><td>16.95</td></tr>
<tr><td>10500-11499</td><td>29.91</td><td>17.95</td></tr>
<tr><td>11500-12499</td><td>31.57</td><td>18.94</td></tr>
<tr><td>12500</td><td>33.23</td><td>19.94</td></tr>
<tr><td>12501-13500</td><td>34.89</td><td>20.94</td></tr>
<tr><td>13501-14500</td><td>36.55</td><td>21.93</td></tr>
<tr><td>14501-15500</td><td>38.21</td><td>22.93</td></tr>
</table>
(b). The hire charges for 12500 MT is taken as base rate and worked out in such a way that the hire charges increase or decrease in direct proportion to quantity of cargo handled by Mobile crane. For the increase of first thousand tones of cargo, the rates increase by 105% and for the next 110% and so on. This is quite contradictory to the usual business practice. Usually the rates will reduce if the business is more.

(c). The hire charges for Mobile Crane may be fixed in such a way that the rates reduce with the increase in quantity handled, so that, it encourages the port users to utilize the Mobile Crane more. By this method, port will also be benefited by increase in throughput. Users like TNEB will also be benefited by economizing on the vessel related charges payable to port and ship hire charges. This will also encourage us to evacuate the cargo stored at the plots quickly. Hence the hire charges may be reduced @ 5% for every increase of 1000 Tonnes of cargo.

(d). At VPT, the vessel related charges for coastal vessels are collected @ 60% of the rates mentioned for foreign vessels. But, in respect of cargo related charges, reasons for exempting Thermal coal by TAMP from availing the above concession is not known. Hence, the above concession may be extended to Cargo Related Charges also for loading of Thermal coal using Mobile Crane, so that TNEB can pay the hire charges prescribed for Coastal Vessel.</td><td>No comments since the tariff are already notified.

No coastal concession is available for Thermal Coal, Iron ore and POL including Crude oil as per directions of the Ministry as per TAMP Guideline 4.3.</td></tr>
<tr><td>(iii).</td><td>Any increase in the scale of rates as proposed in the revision by VPT will increase the landed cost of coal at our power plants and subsequently the generation cost will also increase. TNEB being a service organization cannot pass on the same to the consumers by increasing the power tariff, as it is determined by the Electricity Regulatory Commission. Since a small revision in the tariff rates was recently implemented any further hike in the near future may not be feasible and it will be an extra burden on the exchequer of TNEB.</td><td>No comments furnished.</td></tr>
<tr><td>4.</td><td>Steel Authority of India Limited</td><td></td></tr>
<tr><td>(i).</td><td>The proposed berth hire charges for non-crane berths at $0.0037 per GRT per hour as against $0.0018 at present which is applicable to our vessels having above 30,000 GRT will result in 105% increase in the existing rate which is abnormally high.</td><td>As per TAMP guidelines, Berth hire charges are fixed on a single slab of GRT. Further VPT is incurring huge capital expenditure towards Capital Dredging in order to facilitate higher draft vessels and increase in</td></tr>
</table>

		staff costs, maintenance of docks etc lead to said increase in vessel related charges. However, it is to be noted that VPT proposed hike only to match the costs incurred by port and to recover the TAMP allowed rate of return. Further the present vessel related charges exist since 2001. However, as advised by TAMP, the proposed increase in berth hire is reduced duly proposing 2 slabs of GRT ranges for in order to smoothen the effect of impact.
(ii).	The increase in pilotage charges for vessels above 30000 GRT is envisaged at 49% which is also very high.	As per TAMP guidelines, existing 3 slabs of GRT revised. As a result in fact there is reduction in Pilotage charges for the vessels ranging from 30001 to 60000 GRT. Due to increase in operational costs like salaries, Power, R&M costs as well as deployment of hired tugs to augment tug power, it is inevitable to increase the vessel related charges.
(iii).	In case of port dues the hike proposed is 4.38%. It is requested to consider the hike of around 5% for (i) and (ii) above as has been done in case of port dues. Our throughput to VPT is approximately 5.0 million tonnes per annum. It is requested to consider minimum hike at this stage as it will affect the freight.	The VPT has reiterated its remarks furnished earlier in this regard.
(iv).	We would like to bring to your kind notice that at present the Floating crane used at GCB are outside the purview of TAMP for fixation of rates. These cranes are used as and when required for the berths under VPT and hence may please be brought under TAMP purview and a reasonable rate be fixed by TAMP.	The floating cranes at GCB have been provided by the private service providers and the charges for unloading cargo from vessels by the said cranes is paid by the importers / stevedores directly to the service providers and VPT has no intervention on such operations. If TAMP contends that charges collected by these service providers comes with in the purview of the authority, VPT will advice them to approach TAMP in this regard.
(v).	Various plots allotted to us for shorter duration are used for stacking our bulk cargo. It is requested that hiring of plots which is perennially used, may please be done on yearly basis with concessional rate for bigger importers like SAIL.	TM may furnish remarks.
5.	**Andhra Pradesh Mechanised Fishing Boat Operator's Association**	
	Nearly 600 fishing boats which are conducting fishing operations belong to the poor fishermen community. As the current fishing season is very pathetic and most of the boats are tied up with jetties, the fishermen are facing a severe financial crunch. Hence, the berth hire charges may be reduced to ₹ 150/- per boat, per month.	No comments furnished.
6.	**Hindustan Petroleum Corporation Limited**	
(i).	In the revised proposal the berth hire charges are increased by 290%, pilotage charges are increased by 66%. There is no reduction in other charges like water charges etc., even though the HPCL have given detailed justification in their earlier letter dated 8.10.2009. In many cases instead of existing slab-wise tariff, the tariff proposed is without any slabs which increases our outgo.	As per TAMP guidelines, Berth hire charges are fixed on a single slab of GRT. However, as advised by TAMP, the proposed increase in berth hire is reduced duly proposing 2 slabs of GRT ranges for in order to smoothen the effect of impact. The percentage of hike has been reduced from 290% to 187%. It may also be noted that VPT proposed reduction in wharfage charges substantially in respect of both Crude and POL products.

<table>
<tr><td></td><td></td><td>As per TAMP guidelines, existing 3 slabs of GRT revised. As a result in fact there is reduction in Pilotage charges for the vessels of 60000 GRT and above which could be availed by Crude Tankers. Due to increase in operational costs like salaries, Power, R&M costs as well as deployment of hired tugs to augment tug power, it is inevitable to increase the vessel related charges. It may be noted that VPT proposed reduction in wharfage charges substantially in respect of both Crude and POL products.

The existing Rates are continued since last 10 years. There no hike in other charges like water charges etc., in proposed SOR.</td></tr>
<tr><td>(ii).</td><td>Since the margins of Oil industry in India are severely squeezed a favourable view needs to be taken to reduce the hardship of HPCL by fixing realistic rate structure payable to VPT.</td><td></td></tr>
<tr><td>7.</td><td>Association of Indian Fishery Industries</td><td></td></tr>
<tr><td>(i).</td><td>We would like to request you to reduce the consolidated charges inclusive of Port dues, Berth Hire, Wharfage charges, Slipway Charges and Dry dock charges by 50% of the existing rates, keeping in view of the fact that VPT has not provided with the minimum required amenities and hygiene. It is, therefore, requested to reduce the port charges by 50% as follows:</td><td></td></tr>
<tr><td></td><td>(a) Consolidated charges for Mechanized fishing boats/ Trawlers (Mini & Big):
<table>
<tr><th>S. No.</th><th>Particulars</th><th>Unit</th><th>Frequency</th><th colspan="2">Rate per Month (₹)</th></tr>
<tr><th></th><th></th><th></th><th></th><th>(Existing)</th><th>(Revised)</th></tr>
<tr><td>1.</td><td>Mechanized Fishing Boat</td><td>Per Boat</td><td>Per month</td><td>200</td><td>100</td></tr>
<tr><td>2.</td><td>Fishing Trawler up to 14 NRT</td><td>Per Trawler</td><td>Per month</td><td>1500</td><td>750</td></tr>
<tr><td>3.</td><td>Fishing Trawler above 14 NRT</td><td>Per Trawler</td><td>Per month</td><td>3000</td><td>1500</td></tr>
</table></td><td>VPT has not proposed any hike in the existing charges in proposed SOR in spite of deficits in this activity.

At present, only consolidated charges @ ₹ 200/-, ₹ 1500/- & ₹ 3,000/- for Boats, Trawler of 14 NRT and Trawlers of above 14 NRT per month respectively are being collected. The total revenue on the same is around ₹ 21 lakhs per annum. Hence, no further request for reduction could be considered.</td></tr>
<tr><td></td><td>(b) Slipping in and Slipping out Charges of the Mechanized Fishing Boats / Fishing Trawlers (Mini and Big)
<table>
<tr><th>S. No.</th><th>Particulars</th><th colspan="2">Rate per Month (₹)</th></tr>
<tr><th></th><th></th><th>(Existing)</th><th>(Revised)</th></tr>
<tr><td>1.</td><td>Mechanized Fishing Boat</td><td>2800</td><td>1400</td></tr>
<tr><td>2.</td><td>Fishing Trawler up to 14 NRT</td><td>11000</td><td>5500</td></tr>
<tr><td>3.</td><td>Fishing Trawler above 14 NRT</td><td>28000</td><td>14000</td></tr>
</table>
(c) Slipway repair Berth hire charges for Slipway complex
<table>
<tr><th>S. No.</th><th>Particulars</th><th colspan="2">Rate per Month (₹)</th></tr>
<tr><th></th><th></th><th>(Existing)</th><th>(Revised)</th></tr>
<tr><td>1.</td><td>Mechanized Fishing Boat</td><td></td><td></td></tr>
<tr><td></td><td>- 1st day</td><td>300</td><td>150</td></tr>
<tr><td></td><td>- 2nd day onwards</td><td>150</td><td>75</td></tr>
</table></td><td>Only nominal charges exist for slipway facilities and total revenue per annum is around ₹ 13.50 lakhs and hence no further concessions can be considered.

A cost sheet prepared for the year 2009-10 depicts a deficit position.</td></tr>
</table>

<table>
<tr>
<td></td>
<td>
<table>
<tr><td>2.</td><td>Fishing Trawler up to 14 NRT</td><td>550</td><td>275</td></tr>
<tr><td>3.</td><td>Fishing Trawler above 14 NRT</td><td>1200</td><td>600</td></tr>
</table>
(d) Dry docking at Fishing Harbor:

I) Docking and Undocking charges for both operations existing at ₹ 44,000/- per day, may be reduced to ₹ 22,000/- per day.

II) Dry docking charges :

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Particulars</th><th colspan="2">Rate (in Rupees)</th></tr>
<tr><th>(Existing)</th><th>(Revised)</th></tr>
<tr><td>1)</td><td>For first day</td><td>16000</td><td>8000</td></tr>
<tr><td>2)</td><td>From 2nd day to 10th day</td><td>13000</td><td>6500</td></tr>
<tr><td>3)</td><td>From 11th day to 20th day</td><td>16000</td><td>8000</td></tr>
<tr><td>4)</td><td>From 21st day to 30th day</td><td>26000</td><td>13000</td></tr>
<tr><td>5)</td><td>From 31st day to 37th day</td><td>46000</td><td>23000</td></tr>
<tr><td>6)</td><td>From 38th day to 44th day</td><td>56000</td><td>28000</td></tr>
<tr><td>7)</td><td>From 45th day to 51st day</td><td>66000</td><td>33000</td></tr>
<tr><td>8)</td><td>From 52nd day to 58th day</td><td>76000</td><td>38000</td></tr>
<tr><td>9)</td><td>From 59th day onwards</td><td>86000</td><td>43000</td></tr>
</table>
</td>
<td></td>
</tr>
<tr>
<td>(ii).</td>
<td>Further, it has vide its letter dated 2.11.2010 requested to see that VPT takes appropriate steps to maintain proper hygiene and sanitation in the fishing harbor, besides providing the minimum basis amenities needed such as drinking water, proper lighting, welding points, proper approach roads, repair of fenders and proper security in the fishing harbor.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Visakhapatnam Container Lines Association</td>
<td></td>
</tr>
<tr>
<td>(i).</td>
<td>Increase proposed in berth hire charges stated to be due to Maintenance of cranes is not applicable to the Container Trade, as it is a separate Private Operator handling containers and this falls under their purview. Hence there should be no increase in berth hire in regard to container vessels.</td>
<td rowspan="4">No comments furnished.</td>
</tr>
<tr>
<td>(ii).</td>
<td>Pilotage:
Time taken to berth a vessel at the container berth is around 1 hour and only around 45 minutes for a sailing vessel. We strongly feel that the man hours saved do not justify any increase whatsoever.</td>
</tr>
<tr>
<td>(iii).</td>
<td>Port dues:
As the port only plans rationalisation of tariff without any increase, it should be at the lower end which was fixed a $0.251/GRT.</td>
</tr>
<tr>
<td>(iv).</td>
<td>Container trade is at its infancy in Visakhapatnam Port but it has obvious growth prospects and we would like to ensure that this growth continues. With the increase in volume the revenue will pick up as far as the VPT is concerned without proposing any overall increase of almost 200% in the Scale of Rates for container vessels.</td>
</tr>
</table>

9.	**MSPL Limited**	
(i).	The Visakhapatnam Port Trust has proposed to scale up its rates for handling charge, wharfage, warehousing, vessel related charges and other allied charges to a significant level.	The reasons brought out are beyond the scope of VPT. The factors affecting industry may be taken up with appropriate authorities. VPT proposed hike only to match the costs incurred by port and to recover the TAMP allowed rate of return.
(ii).	In this context, we would like to bring to your kind attention that in present scenario Indian iron ore industry is already facing many difficulties for exporting iron ore. The market is highly volatile and international demand is also not very encouraging. The cost is already on higher side because of high freight rates for movement of iron ore to port by rail and road both. To add, Government has already levied 5% and 15% export duty on FOB value for export of iron ore fines and lumps respectively. Other difficulties and hindrances has added to the cost of the product which has made our product price non competitive in the international market. In present situation iron ore industry is putting its efforts to sustain rather than making big profits.	
(iii).	So, at this stage it is economically not viable for the industry to absorb any further hike in cost. Any such increase will have a negative impact on the iron ore business which is already in pressure. Therefor any increase in the rates by Visakhapatnam Port Trust is unwarranted. Keeping all these facts in mind, we request you not to hike any charges which will ultimately increase the total cost and further slow down the momentum thus serving no purpose.	
10.	**Visakhapatnam Steamship Agents Association & Visakhapatnam Customs Clearing Agents Association**	
(i).	Wharfage charges on iron ore mechanical loading were proposed to be increased to ₹ 110 from the present rate of ₹ 95. Breakup for increase of ₹ 15 as follows: Handling charges of ₹ 36.50 to ₹ 46.50 i.e. ₹ 10 i.e. an increase of 27% Haulage, Tippling and Stacking of ₹ 32.30 to ₹ 37.30 i.e. ₹ 5, i.e. an increase of 15% Without providing any additional facilities, there is no justification for the above increases.	The existing Rates are continued since last 10 years and there is a substantial increase in salaries and wages due to wage revision and also huge amounts incurring towards repairs and maintenance of equipment due to ageing of the plant, receipt of fines through slurry pipe line resulting in substantial reduction in tippling & haulage charges compels upward revision of Wharfage Charges. The revision of wharfage for iron ore mechanical handling has been proposed based on the cost sheet furnished Form 5A
(ii).	Similarly wharfage charges for export of iron ore by conventional means proposed to be increased from the present rate of ₹ 13.50 to ₹ 26.20. The increase of ₹ 12.70 would work out to an increase of 94%. The proposed increase is very steep and not justified.	
(iii).	Similarly wharfage charges for export of iron ore pellets by conventional means proposed to be increased from the present rate of ₹ 15.50 to 28.20. The increase of ₹ 12.70 would work out to an increase of 82%. The proposed increase is very steep and not justified.	(iii). The wharfage on iron ore manual handling, for some reason or other, has been kept low in the existing SOR. The wharfage charges on cargoes like, Coal, Gypsum, pig iron with lower CIF value are levied with wharfage of ₹ 26/-, ₹ 24/- and ₹ 28/- respectively. On par with the said wharfage rates as well as Iron ore (Mech), the rate for Iron Ore (Manual Loading) has been revised to bring the Iron ore Handling Activity, as whole, self remunerative.

(iv).	The rebate of 25% in wharfage charges on the project consignment should be extended to plant and machinery also. At present, concession is granted only in the case of imports where consignments are cleared under Project Imports under Chapter 98.01 of Customs Tariff Act, whereas similar benefit is not given if cargo is cleared under EPCG Licence or on merits.	Can be considered, if it is on advalorem basis since the note 8 of clause 4.1 in Section-4, Wharfage of present SOR stipulates for rebate of 25% on project consignment. The association contends that certain plant & machinery are not being categorised as project cargo by customs authorities due to some technical reasons and thereby they are not able to avail concessions on par with project consignments. This point will be examined by VPT.
(v).	Free storage of 10 days period in transit accommodation for project cargo should also extended to plant and machinery also.	Can be considered for the same reasons as above.
(vi).	Sl. No. (6) in notes under Clause 4.6.2 with sub heading: Demurrage on cargoes not removed from the wharf: The free period and each subsequent slab shall be increased from the present 5 hours to 8 hours.	The existing time periods and slabs may be continued as it increases the operational efficiency. The cargo handling agents and stevedores must gear up to the requirements and needs of the port and the other port users, in order to avoid operational delays.
(vii).	Sl. No.5 under Notes in Sec.5 dealing with Charges for hire of craft/ equipment: Based upon the past experience, a fixed amount of time say one hour may be added to the actual usage of floating crane towards its movement from jetty to vessel and vice versa to make this tariff item transparent and known upfront to the users besides facilitating simplification to port for billing.	The movement time of the crane shall be part of hiring the crane. As per Clause 5 the waiting time for want of Tugs already excluded. As per Clause–7, grace period of 15 minutes to cover the trivial delays already available. The association contends that there is uncertainty of time, the craft or equipment commences movement and the time of reporting, they request that certain pre determined time period as per bench mark be added to actual usage of craft/equipment by the user. TM may further examine.
(viii).	In tune with the guidelines of TAMP, wharfage charges on Petroleum products and edible oils (presently on KL).	Can be considered if the unit of measurement indicated by Customs in IA or EGM is also in Tonnes.
(ix).	Wharfage charges item no.48(b): 'same vessel' may also kindly be included.	Can be considered.
(x).	Cl (iii) in Note no.(2) under General Terms & Conditions in Section 1: 'to time' to be deleted in 2nd line. Crafts operating within port limits and other coastal/ country crafts which do not come under the purview of Merchant Shipping Act, shall also be levied coastal tariff.	Agreed and deleted in proposed SOR The main purpose of allowing coastal tariff is only to encourage coastal cargo movement but not to extend the same for the vessels (not moving coastal cargo) moving with in port limits. Hence the request could not be considered to.
(xi).	For conversion of USD tariff into INR for the purpose of levy of vessel related charges in respect of coastal vessels, the rate as existing say on the date of notification of general revision may be applied. In respect of coastal vessels, tariff was denominated as 60% of USD tariff instead of denominating in INR. The same may be denominated in INR as per the relevant guidelines of TAMP.	The provision proposed is as per the guidelines of the TAMP.

(xii).	Port dues: While the proposal of having a single rate for all 3 categories of vessels is welcome, simplification and rationalisation should not hit hard any particular segment. The proposed uniform rate of $ 0.262 for all vessels would increase port dues by 47% in the case of iron ore vessels loading mechanically (present rate $ 0.178). In order to mitigate the hardship, appropriate concession may be given in the base rate for iron ore mechanical loading vessels by way of adding an item in the existing concessions.	As per TAMP guidelines 2005, clause 6.10 Port dues are to be on a single slab of GRT. Hence these charges were rationalised and hence there is slight increase in port dues.
(xiii).	While rationalisation of pilotage charges by proposing a uniform rate is welcome, the current proposal resulted in a steep increase ranging from 50 to 75% in respect some of the present categories. The increase may be restricted to a reasonable level.	To sustain the activity and to meet the increased costs on wage revision and tug hire charges, it is inevitable to propose hike in Pilotage Charges.
(xiv).	In view of tanker segment contributing surplus and even cross subsidising other categories, no increase was accepted in the tariff for tankers and the shifting charges based upon lump sum rate for each shifting as notified in the tariff of year 2001 remained unchanged till now. However in the proposed revision the shifting charges proposed for uniform levy for all vessels as a rate on GRT which will result in steep increase in shifting charges for tankers. Shifting charges in case of present residuary category upto 30,000 GRT also increased by as much as between 52 to 72% which is very high. The increase may be restricted to a reasonable level.	To sustain the activity and to meet the increased costs on wage revision and tug hire charges, it is inevitable to propose hike in Shifting Charges
(xv).	The proposed rationalised berth hire tariff resulted increase in berth hire ranging from 54% to 290% which is felt very high. The proposed increase may kindly be restricted to a reasonable level. As regards huge losses owing to maintenance of higher capacity cranes as claimed by port, the loss on this account should not be spread across the board and recovered from all the berths. Instead the same may be confined only those relevant berths who are giving the facility of higher capacity cranes to the berths. Any expenditure not connected with berths maintenance like launches, mooring boats maintenance should not be taken into account for the purpose of calculating increase maintenance expenditure on berths. The combined effect of rationalisation and simplification of vessel related charges has resulted in steep increase in overall charges payable by vessels whose GRT is in the range of 10,000 – 30,000. Appropriate relief may be granted for these category of cases and any other category of cases where the combined effect of rationalisation of vessel related charges resulted in steep increase.	As per TAMP guidelines, Berth hire charges are fixed on a single slab of GRT. However, as advised by TAMP, the proposed increase in berth hire is reduced duly proposing 2 slabs of GRT ranges for in order to smoothen the effect of impact. The percentage of hike has been reduced from 290% to 187%. It may also be noted that VPT proposed reduction in wharfage charges substantially in respect of both Crude and POL products.
(xvi).	2.3.4. General notes relating to berth hire: Clause (ii) of (1): shifting also should be covered in this clause. 7. Road stead charges: Since this item of tariff hardly has any financial implication, the same may be removed from the SOR.	The existing system holds good.

(xvii).	General notes relating to Pilotage/ Shifting: Note No.7 may be modified to include weather conditions, day light failure, safety reasons also when no charges shall be levied.	The existing note may be continued.

3. A joint hearing in this case was held on 2 November 2010 at the Visakhapatnam Port Trust. The VPT made a power point presentation of its proposal. At the joint hearing, VPT and the concerned users/ organisation bodies have made the following submissions:

Visakhapatnam Steamship Agents Association

(i). The rationalisation of VRC will have serious effect on certain segment of vessels. When the impact is very high, please provide relief to the category.

Visakhapatnam Customs Clearing Agents

(i). The mobile harbour crane charges fixed is not logical. If higher output is achieved the unit rate should reduce.

Visakhapatnam Chamber of Commerce and Industry

(i). No specific comments.

Tamil Nadu Electricity Board

(i). We have given written comments. Please consider.

(ii). Please extend coastal concession to thermal coal in the cargo related charges.

Visakha Container Terminal Private Limited

(i). Our container terminal will be affected by the steep hike proposed in VRC.

(ii). Port does not maintain our berth but vessels visiting our terminal is forced to pay high tariff which is due to high maintenance cost of VPT berths. Don't treat our berth in the same way like other berths.

Vizag Seaport Private Limited

(i). We have already pointed out some deficiency in allocation of costs. VPT should rectify. There is no case for reducing cargo related charges.

National Aluminium Company Limited

(i). Rationalisation of VRC will affect us badly.
(VPT says, they will review the proposed rationalisation.)

Steel Authority of India Limited

(i). Port charges should be fixed with commercial objectives. Cost plus method is not best suited.

(ii). Proposed increase in VRC should be moderated.

Hindustan Petroleum Corporation Limited

(i). Product is handled at a old berth. Because of averaging, all berths are forced to pay the same charge.

(ii). Please don't denominate VRCs in dollar terms.

Association of Indian Fishery Industries

(i). VPT does not provide any amenities in the fishing harbour. We request 50% reduction of the existing rates.

Andhra Pradesh Mechanised Fishing boat operators

(i). There is a mandatory fishing ban for 45 days in a year. The boats are forced to stay in the harbour during this period. Please exempt berth hire for this period.

Prathush Association

(i). Conventional handling of iron ore is singled out for a steep increase. This is not justified.

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