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Tariff Authority for Major Ports

G.No. 292 **New Delhi,** **15 October 2014**

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the V.O. Chidambaranar Port Trust for general revision of its Scale of Rates as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/47/2012-VOCPT

V.O. Chidambaranar Port Trust - - - **Applicant**

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Chandra Bhan Singh, Member (Economic)

O R D E R
(Passed on this 4th day of August 2014)

This case relates to the proposal received from the V. O. Chidambaranar Port Trust (VOCPT) for general revision of its Scale of Rates.

2. The existing Scale of Rates of VOCPT was last approved by this Authority vide Order No.TAMP/9/2010-TPT dated 11 October 2011 which was notified in the Gazette of India on 11 November 2011 vide Gazette No.222 with a tariff validity period till 31 March 2013.

3.1. As review of tariff of the VOCPT approved in October 2011 fell due for revision in 2012-13, the VOCPT was advised to file its general revision proposal by 30 June 2012 vide our letter dated 7 May 2012 followed by reminder dated 4 July 2012. In response, the VOCPT filed a proposal dated 26 July 2012 for general revision of its Scale of Rates. Since the proposal filed by the VOCPT did not contain the cost statements, the port was requested followed by reminder to file its proposal complete in all respects before 31 December 2012.

3.2. Since the VOCPT did not submit its proposal within prescribed time limit, this Authority vide its letter dated 28 January 2013 advised the VOCPT to file its tariff proposal immediately and decided that the additional surplus, if any, accruing to the port due to operation of the facilities applying the existing Scale of Rates beyond 1 April 2013 will be adjusted fully in the tariff for the future cycle. If any loss is suffered by port beyond 1 April 2013, it would not be factored in the tariff for the further tariff cycle.

4. In this backdrop, the VOCPT vide its letter dated 28 February 2013 has filed its proposal for general revision of its Scale of Rates. Since the VOCPT had not furnished its proposed draft Scale of Rates alongwith its proposal, the VOCPT was requested vide our letter dated 8 March 2013 to furnish the proposed draft Scale of Rates and was also informed that its proposal dated 28 February 2013 will be taken up for further processing only after receipt of the proposed draft Scale of Rates. In response, the VOCPT under cover of its letter dated 18 March 2013 has submitted its proposed draft Scale of Rates.

5.1. The main points made by the VOCPT in its proposal dated 28 February 2013 and 18 March 2013 are summarized below:

A. Cost statements:

(i). (a). The traffic figures considered in cost statements (actual and forecast) including the traffic projections from PPP projects is tabulated hereunder:

Years	Traffic in lakh tonnes
2010-11 (Actual)	257.27
2011-12 (Actual)	281.05
2012-13 (Actual)	285.00
2013-14 (Estimates)	302.00
2014-15 (Estimates)	388.33
2015-16 (Estimates)	495.94

(b). The VOCPT has considered additional traffic of 86.33 lakh tonnes and 107.61 lakh tonnes during the years 2014-15 and 2015-16 respectively from the various PPP projects i.e. NCB-I to IV, additional tonnage for VIII Berth Container Terminal and Shallow Water Berth II (Cement) in the traffic projections during the current tariff cycle from 2013-14 to 2015-16. Details are furnished below:

In lakh tonnes

S. No.	Description	2014-15	2015-16	Total
1	Tonnage thro' NCB-I Project	25.00	20.00	45.00
2	Tonnage thro' NCB-II Project	50.00	-	50.00
3	Tonnage thro' NCB-III Project	-	25.00	25.00
4	Additional Tonnage thro' VIII Berth	11.33	10.91	22.24
5	Tonnage thro' NCB-IV Project	-	25.00	25.00
6	Tonnage thro' SDB - Cement	-	26.70	26.70
	Total	**86.33**	**107.61**	**193.94**

(ii). 50% of royalty is considered for appropriation to Escrow fund and the port has ensured utilisation of the same within 5 years of the said appropriation for creation of infrastructure project.

(iii). Depreciation is calculated based on the provisions in the Companies Act as per guidelines of 2005. The addition of capital expenditure anticipated from 2012-13 to 2015-16 is added and the capital employed is worked out after considering the additions projected.

(iv). As per actuarial valuation report of 31 March 2012, the following amount is required to be appropriated every year towards annual contribution to:

(a).	Pension Fund	-	Serving Employees	-	₹353.00 lakhs
(b).	Pension Fund	-	Retired Employees	-	₹200.00 lakhs
(c).	Gratuity Fund	-		-	₹123.00 lakhs

The VOCPT has considered this expenditure under Finance and Miscellaneous Expenditure in the cost statement for 2012-13, 2013-14, 2014-15 and 2015-16.

(v). (a). The expenditure in respect of Capital Dredging project to 12.80 mtrs. draft has been completed during 2011-12. The grant identified is ₹165.13 crores out of which ₹100 crores during 2012-13 and balance ₹65.13 crores is yet to be released. Therefore, the capital employed for 2011-12 has been considered at the full value for capital dredging project to 12.80 mtrs. excluding the escrow fund component. For the year 2012-13, the receipt of ₹100 crores as grant is considered and hence, the capital employed is worked out at original expenditure incurred net of funding from escrow fund and grant. The balance amount of ₹65.13 crores is also considered as reduction in capital expenditure for calculation of capital employed and return on capital during 2013-14.

(b). The expenditure in respect of capital dredging in front of Berth No.NCB-II, III, IV, Shallow Water Berth I & II etc., at cost of ₹920 crores is considered based on the completion of respective Projects during 2014-15 and 2015-16. The grant identified is at ₹234.87 crores and it is expected to be released by the Central Government during 2014-15 (NCB-II) and 2015-16 (others – NCB-II, IV and two Shallow water berths). Therefore, the capital employed for the years 2014-15 and 2015-16 has been considered excluding the escrow fund component and grant.

(c). Form 4A shows actual additions to the gross block to the tune of ₹348.12 crores in the year 2011-12 and estimates additions to the gross block to the tune of ₹35.75 crores, ₹24.90 crores, ₹211.00 crores and ₹718.00 crores in the years 2012-13 to 2015-16 respectively.

(vi). (a). The Ministry of Railways did not effect revision of the railway siding charges for past several years to offset the deficit incurred in that activity and the same is an activity in connection with cargo handling activity. Therefore, VOCPT has requested the Authority to consider the deficit for railway activities for previous years from 2007-08 to 2010-11 amounting to ₹751.16 lakhs as expenditure to be considered to work out the surplus/ deficit alongwith deficit for the year 2011-12.

(b). Railway deficit to the tune of ₹239.24 lakhs in the year 2010-11 and ₹265.52 lakhs in the year 2011-12 is adjusted in the consolidated cost statement.

(vii). (a). The overall cost position, as emerging from the cost statements furnished by the port at the existing level of tariff (excluding the Railway and Dredging Activity) is tabulated below for current tariff cycle 2013-14 to 2015-16.

(**₹ in lakhs**)

Sl. No.	**Particulars**	**2013-14**	**2014-15**	**2015-16**	**Aggregate for 2013-14 to 2015-16**
1.	Operating Income				
	(i). Cargo Handling and Storage activity	14,247.71	18,203.81	21,218.90	53,670.42
	(ii). Vessel related activity	8,942.51	10,247.06	11,356.76	30,546.33
	(iii). Estate activity	1,058.03	1,058.03	1,058.03	3,174.09
	Total operating income	**24,248.25**	**29,508.90**	**33,633.69**	**87,390.84**
2.	Operating Expenditure				
	(i). Cargo Handling and Storage activity	2,399.37	2,572.75	2,774.48	7,746.60
	(ii). Vessel related activity	5,446.97	4,930.16	5,192.82	15,569.95
	(iii). Estate activity	764.94	816.29	870.98	2,452.21
	Total operating Expenditure	**8,611.28**	**8,319.20**	**8,838.28**	**25,768.76**
3.	Depreciation	1,968.31	2,216.71	3,100.20	7,285.22
4.	Management and Adm. OH	6,825.99	7,269.23	7,741.33	21,836.55
5.	**Total cost**	**17,405.58**	**17,805.14**	**19,679.81**	**54,890.53**
6.	FMI – FME	-97.48	-147.10	-200.38	-444.96
7.	Surplus / (Deficit) before interest and tax [1-5+6]	6,745.19	11,556.66	13,753.50	32,055.35
8.	Capital Employed	57,152.96	61,669.70	1,09,061.94	118,822.66
9.	ROCE @ 15%	9,080.98	9,804.48	17,388.00	36,273.46
10.	**Net Surplus / (Deficit)**	-2,335.79	1,752.18	-3,634.50	-4,218.11
11.	Net Surplus / (Deficit) as % of operating income	**-9.63%**	**5.94%**	**-10.81%**	**-4.83% (Average)**

(b). A summary of consolidated and sub activity-wise cost statements furnished by VOCPT (excluding railway and dredging activity) at the existing level of tariff reflects the following position:

Sl. No.	**Particulars**	**Operating Income at proposed tariff (₹ in lakhs)**				**Net Surplus/ deficit (₹ in lakhs)**				**Net Surplus/ deficit (as % of operating income)**			
		2013-14 Estimates	**2014-15 Estimates**	**2015-16 Estimates**	**Aggregate operating income for 2013-14 to 2015-16**	**2013-14 Estimates**	**2014-15 Estimates**	**2015-16 Estimates**	**Aggregate net surplus/ deficit for 2013-14 to 2015-16**	**2013-14 Estimates**	**2014-15 Estimates**	**2015-16 Estimates**	**Average %**
1.	Port as a whole (excluding Railways and dredging)	24248.25	29508.89	33633.68	87390.82	-2335.80	1752.17	-3634.50	-4218.13	-9.63%	5.94%	-10.81%	-4.83%
2.	Cargo handling and storage activity	14247.71	18203.82	21218.90	53670.43	5236.28	8683.39	10519.90	24439.57	36.75%	47.70%	49.58%	44.68%

Sl. No.	Particulars	Operating Income at proposed tariff (₹ in lakhs)				Net Surplus/ deficit (₹ in lakhs)				Net Surplus/ deficit (as % of operating income)			
		2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Aggregate operating income for 2013-14 to 2015-16	2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Aggregate net surplus/ deficit for 2013-14 to 2015-16	2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Average %
	(i). General cargo handling and storage	9607.86	13563.97	16579.05	39750.88	4169.43	7802.74	10146.70	22118.87	43.40%	57.53%	61.20%	54.04%
	(ii). Coal handled at Coal Jetty	2280.00	2280.00	2280.00	6840.00	1986.11	1975.64	1903.99	5865.74	87.11%	86.65%	83.51%	85.76%
	(iii). Oil handled at Oil Jetty	1103.05	1103.05	1103.05	3309.15	493.05	475.78	390.75	1359.58	44.70%	43.13%	35.42%	41.08%
	(iv). Wharf cranes	451.80	451.80	451.80	1355.40	-1745.14	-1862.77	-2165.59	-5773.50	-386.26%	-412.30%	-479.33%	-425.96%
	(v). Top lift truck	-	-	-	-	-263.99	-294.22	-305.27	-863.48	NA	NA	NA	NA
	(vi). Warehousing	805.00	805.00	805.00	2415.00	596.77	586.21	549.33	1732.31	74.13%	72.82%	68.24%	71.73%
3.	Port and Dock Activity (excluding dredging activity)	8942.51	10247.04	11356.75	30546.30	-7045.81	-6257.29	-13373.73	26676.83	-78.79%	-61.06%	-117.76%	-85.87%
	(i). Towage and Mooring	1793.18	1793.18	1793.18	5379.54	-2929.47	-1851.56	-3306.54	-8087.57	-163.37%	-103.26%	-184.40%	-150.34%
	(ii). Berthing and Docking facilities	3237.39	3252.19	3266.45	9756.03	3044.10	2114.61	-3274.20	1884.51	94.03%	65.02%	-100.24%	19.60%
	(iii). Dry Dock	-	-	-	-	-55.64	-59.09	-63.49	-178.22	NA	NA	NA	NA
	(iv). Port services	2013.44	2512.02	2936.63	7462.09	-6816.13	-6754.96	-7582.20	-21153.29	-338.53%	-268.91%	-258.19%	-288.54%
	(v). Pilotage	1898.50	2689.65	3360.49	7948.64	-227.77	367.03	929.71	1068.97	-12.00%	13.65%	27.67%	9.77%
	(vi). Water supply to shipping	-	-	-	-	-60.90	-73.42	-77.01	-211.33	NA	NA	NA	NA
4.	Railway Activity (does not form part of consolidated position for the port as a whole)	119.99	127.19	127.19	374.37	-645.32	-671.14	-684.67	-2001.13	-537.81%	-527.67%	-538.30%	-534.59%
5.	Estate rental activity	1058.03	1058.03	1058.03	3174.09	-526.27	-673.93	-780.67	-1980.87	-49.74%	-63.70%	-73.79%	-62.41%
	(i). Residential	25.73	25.73	25.73	77.19	-1572.92	-1714.13	-1815.07	-5102.12	-6113.19%	-6662.01%	-7054.28%	-6609.83%
	(ii). Non-Residential	1032.30	1032.30	1032.30	3096.90	1046.66	1040.53	1034.39	3121.58	101.39%	100.80%	100.20%	100.80%

(viii). The port has stated that the actual deficit for the past period till 2011-12 is ₹188.74 lakhs. The estimated deficit for the years 2012-13 to 2015-16 is ₹8111.05 lakhs. The aggregate of deficit for the years 2011-12 (actuals) and 2012-13 to 2015-16 (projections) comes to ₹8299.75 lakhs.

(ix). The VOCPT has proposed a few modifications in the tariff of existing Scale of Rates and has also estimated additional revenue likely to accrue thereon as explained hereunder:

(a). To improve the quick evacuation of cargo, an increase in storage charges of open space at Zone-A is proposed at par with neighbouring port of Chennai. The VOCPT also proposes to increase the rates of storage charges for open space and covered space in respect of Zone-B in line with Zone-A. This is estimated to fetch an additional revenue of ₹480.82 lakhs per annum and ₹1442.46 lakhs for three years period 2013-14 to 2015-16.

(b). As the handling of dusty cargoes and spillages on the port roads and road sides are increasing, it is inevitable to clean the road area of cargo handled to ensure the safety of people and protect the environment. The port has proposed to recover the cleaning charges at the rate of ₹5/- tonne as this expenditure is to the account of users handling dusty cargoes. The additional revenue generation on this account will be ₹347.84 lakhs per annum, aggregating to ₹1043.52 lakhs for three years 2013-14 to 2015-16.

(c). The existing Scale of Rates prescribe a uniform rate of ₹10,000 per day or part thereof for shooting of film. The VOCPT has proposed separate rate for this tariff for inside the green gate and outside the green gate with higher rate proposed for shooting at night. The increase proposed is in the range of 100% to 275%. The port has also stated that since the number of cases of film shooting is very meagre, the financial implication on account of above charges are also expected to be very meagre and hence the additional income to be earned may be taken as nil.

(x). (a). The net deficit position after considering the impact of the additional revenue likely to accrue during the period 2013-14 to 2015-16 in view of modifications proposed above for the proposed tariff cycle works out to ₹6564.50 lakhs as detailed below:

(**₹ in lakhs**)

Sl. No.	**Particulars**	**Past period till 2011-12**	**Estimates 2012-13, 2013-14, 2014-15 and 2015-16**	**Total**
1.	Deficit from Revenue from the years 2012-13 to 2015-16	-188.27	-8111.05	-8,299.32
2.	Add: Railway deficit for the years 2007-08, 2008-09, 2009-10 and 2010-11	-751.16		-751.16
3.	**Total (A) (1 + 2)**			**-9,050.48**
4.	Income expected due to changes in storage charges for 2013-14, 2014-15 and 2015-16 (₹480.82 lakhs/ year)			1,442.46
5.	Income expected due to proposed new tariff cleaning charges for 2013-14, 2014-15 and 2015-16 (₹347.84 lakhs/ year)			1,043.52
6.	**Total (B) (4 + 5)**			**2,485.98**
7.	**Estimated Net Deficit (A) – (B)**			**-6,564.50**
8.	**Estimated Operating Income for the years 2013-14 to 2015-16**			87,390.84
9.	% of increase required (7/8)			7.51%
10.	% of increase if 4 & 5 are not considered by TAMP (3/8)			10.36%

(b). To recover the net deficit position of ₹6,564.50 lakhs from estimated operating income of three years 2013-14 to 2015-16 of ₹87,390.84 lakhs, 7.51% increase is proposed in the existing Scale of Rates subject to TAMP considering its proposal for increase in storage charges and introduction of cleaning charges.

(c). If the modifications proposed in its Scale of Rates in respect of above two items are not considered by TAMP, then 10.36% increase in the existing Scale of Rates is proposed.

(xi). Taking into account the huge revenue potential of advalorem wharfage, the port has requested to continue the same advalorem rates for the next three years till 31 March 2016. The removal of advalorem rates is not recommended by the port since the same will affect the revenue generation to the port.

(xii). (a). The dredging deficit (carried over from 2010-11 at ₹2889.89 lakhs) is worked out for the years 2011-12 to 2015-16 which shows net unabsorbed deficit of ₹2690.10 lakhs by the end of the year 2015-16 even if the existing dredging levy is continued. The VOCPT has furnished a statement giving abstract of dredging levy account for the year 2011-12 at actuals and for the years 2012-13 to 2015-16 with estimates.

(b). The port has requested to continue the existing special rate for capital dredging. It has submitted that the estimated deficit of ₹2690.10 lakhs for the years 2013-14 to 2015-16 considering the existing dredging levy will reduce to ₹2066.27 lakhs if the proposed increase of 7.51% increase in the vessel related charges is approved by the Authority.

(c). Further, the port has proposed to adopt the existing special rate for dredging for Container Berth No.7 to be adopted for Container Berth No.8. The VOCPT has proposed to adopt the existing special rate for dredging at 30% of applicable port dues, pilotage and berth hire for berth no.9, NCB II, III, IV, Shallow Water Berth (Construction Material) and Shallow Water Berth (Cement) as well.

(xiii). (a). Considering the actual balance available in the Pension and Gratuity Fund of ₹256.47 crores and actuarial valuation of ₹369.48 crores as on 31 March 2012 there is a shortfall of ₹113.01 crores.

(b). Taking into account the need to fully amortise the Pension Fund deficit, the port has requested to consider the sanction of a combined Pension and Gratuity Fund levy over the traffic (excluding containers at Berth No.VII - 92.26 lakh tonnes per annum and for VIII Berth and other PPP Projects at 86.33 lakh tonnes, 195.92 lakh tonnes respectively for the years 2014-15 and 2015-16). The traffic to be handled excluding containers and other PPP Projects is estimated at 209.74 lakh tonnes during 2013-14 to 2015-16 and totaling 629.22 lakh tonnes. The average rate of Pension and Gratuity Fund levy will work out to ₹17.96 per MT of cargo handled excluding containers and cargo of PPP operators, if any, forthcoming in future during the tariff cycle.

(c). The port has furnished a statement showing shortfall in the Pension Fund and Gratuity Fund balance as per the actuarial valuation as on 31 March 2012 and the working for the proposed levy which is tabulated below:

(**₹ in crores**)

Sl. No.	**Particulars**	**Pension**	**Gratuity**	**Total**
(i).	Actuarial valuation as on 31.3.2012	327.62	41.86	369.48
(ii).	Actual Pension and Gratuity Fund Balance as on 31.3.2012	233.61	22.89	256.47
(iii).	Shortfall (i – ii)	94.01	18.97	113.01
(iv).	Total tonnage for the years 2013-14 to 2015-16 likely to attract Pension Fund Levy			629.22 lakh tonnes
(v).	Pension Fund Levy per tonne			₹17.96

(d). Accordingly, to recover the deficit under Pension Fund & Gratuity Fund of ₹113.01 crores, the VOCPT has requested to sanction levy at ₹17.96 per MT towards pension fund levy.

(xiv). (a). The VOCPT had earlier vide its letter dated 19 May 2012 filed a proposal for revision in the Cargo Handling Labour Division (CHLD) levy approved vide Order No.TAMP/30/2009-TPT dated 11 October 2011. In this context, VOCPT was requested vide our letter dated 6 June 2012 to consider the revision of CHLD charges along with the general revision of its Scale of Rates to be filed by it, duly complying with the advice rendered by the Authority regarding implementation of revised manning scale and datum and elimination of notional booking of gangs vide paragraph 12(ii) of the Order dated 11 October 2011.

(b). The port has, accordingly, submitted the proposal for revision in CHLD levy alongwith its general revision proposal. The VOCPT has stated that the May 2012 proposal is re-submitted by incorporating projections for the years 2014-15 and 2015-16.

(c). The port has stated that the issue of adopting the manning scale is not given effect in full as the Memorandum of Settlement under Section 12(3) of the Industrial Disputes Act, 1947 envisages that the revised manning scale will be implemented on reaching the optimum strength prescribed.

(d). The port has furnished detailed working for arriving at the revised rates for CHLD based on projections for the years 2012-13 to 2015-16. A summary of the working of CHLD levy furnished by VOCPT is given below:

Sl. No.	Description	Average Hooks	Expenditure to be recovered (₹ in lakhs)	Average tonnage handled (lakh tonnes)	Rate per tonne (in ₹)
1.	Main Pool – Others	20029	4397.99	116.69	37.69
2.	T/Coal at Coal Jetty II	4169	915.43	31.8	28.79
3.	Salt	448	98.37	1.56	63.06
	Total	**24646**	**5411.79**	**150.05**	

(e). The working of the Pension fund levy for CHD is tabulated below:

(**₹ in lakhs**)

Sl. No.	Particulars	Amount
1.	Actuarial valuation as of 31.3.2012	20,062.00
2.	Total Pension amount as on 31.3.2012	9,341.31
3.	Shortfall	10,720.69
4.	Gratuity fund required	1,115.93
5.	This amount is to be spread over to 5 years	2,367.32
6.	Pension fund levy per tonne (2367.32/150.05)	15.78

5.2. To summarise, the port has proposed the following amendments in its Scale of Rates:

(i). Increase in Storage charge of open space of Zone A-Outside the security wall by 150% and Zone A-Inside the security wall by 300% (at par with the rate prescribed in the Scale of Rates of Chennai Port Trust). Further, the license fee for Zone B both covered and open space is proposed at par with Zone A.

(ii). Introduce Cleaning charge of ₹5/- per tonne for handling dusty cargo.

(iii). (a). Tariff hike of 7.51% is proposed if the above two amendments 5.2.(i) and (ii) are considered.

(b). Else, VOCPT has proposed to increase all the existing tariff items by 10.36%.

(iv). 100% to 275% increase in Shooting charges.

(v). Proposed to continue with the existing special rate for dredging. Also, proposed to extend the special rate for dredging for Container berth no.7 for Container berth no.8 and existing special rate for dredging for other berths for new projects viz. NCB-II to IV, Shallow Water Berth (SWB)-(Construction materials) and SWB-(Cement). The proposed special rate for dredging is given below:

Sl. No.	Particulars	Special rate for dredging
1.	On vessels using Berth VOC III, VOC IV, Coal Jetty I, Coal Jetty II, Oil Jetty, Berth No.VIII, Berth No.IX, NCB-II,III,IV, Shallow Water Berth (Construction Materials) and Shallow Water Berth (Cement).	30% of the applicable Port Dues, Pilotage and Berth hire charges.
2.	On vessels using Container Berth (Berth No.7) & Berth No.8	(i). 15% of the applicable Port Dues. (ii). 15% of the applicable Pilotage. (iii). 30% of the applicable Berth hire charges.

(vi). Proposed to introduce pension fund levy at ₹17.96 per tonne to augment the Pension and Gratuity Fund Balance to meet the shortfall in these fund balance as per the actuarial valuation as on 31 March 2012.

(vii). (a). The existing levy for VOCPT-CHLD vis-à-vis the levy proposed by VOCPT is tabulated below:

Sl. No.	Description	Rate per Metric Tonne (MT)	
		Approved by Order dated 11 October 2011	**Proposed Rate**
1.	All Cargoes other than Coal and Salt	₹ 17.25	₹ 37.69
2.	Salt	₹ 18.00	₹ 63.06
3.	Coal at Jetty II	₹ 10.45	₹ 28.79
4.	For container stuffing and destuffing operations	@ 200% of Time Rate wages	@ 200% of Time Rate wages
5.	C&F Operation at Transit Shed and Ware house etc. levy	₹ 10.00 per MT	₹ 10/- per MT
6.	For Zone 'B'	₹ 10.00 per MT	₹ 10/- per MT

(b). Pension Fund Levy for CHD is proposed to be continued and proposed to be increased from ₹9 per tonne to ₹15.78 per tonne.

6. In accordance with the consultative procedure prescribed, a copy of each of the proposals dated 28 February 2013 and 18 March 2013 filed by the VOCPT was forwarded to the concerned users/ user organisations and the BOT operator operating thereat seeking their comments. The comments received from the concerned users/ user organisations and the BOT operator were forwarded to VOCPT as feedback information. The VOCPT vide its letter dated 16 August 2013 has furnished its reply.

7.1. In continuation to its proposal for general revision in its Scale of Rates including the rate of CHLD levy proposed in its proposal dated 28 February 2013, the VOCPT vide its letters dated 16 May 2013 and 5 June 2013 has made further submissions as given below:

(i). After revision of rates for CHLP vide Gazette dated 11.10.2011, the levy for deployment of CHLP labour [now Cargo Handling Division (CHD)/ VOCPT] has been drastically reduced as given below:

(**Rate per Metric Tonne**)

Sl. No.	Description	Previous rate	Rate approved by TAMP in November 2011	Rate as per current proposal
1.	All Cargoes other	₹ 23.00	₹ 17.25	₹ 37.69

	than Coal and Salt			
2.	Salt	₹ 18.00	₹ 18.00	₹ 63.06
3.	Coal at Jetty II	₹ 9.20	₹ 10.45	₹ 28.79
4.	Pension Fund Levy	₹ 4.30	₹ 9.00	₹ 15.78

(ii). Consequent to the above reduction in rates effected in November 2011 for CHD, the general revenue has reduced drastically as brought out hereunder:

(a). The collection of levy has become less due to reduced rate of levy approved by the Authority in November 2011 Order.

(b). The requirement of payment of pension has put heavy burden on the CHD Revenue. Hence, in order to meet pension liability the pension payment (₹9.50 crores) have been met from Pension Fund despite the fact that pension fund levy is collected and accounted in the General Revenue and utilized for General Revenue Expenditure. Also, the pension payment are being met from Pension Fund every year out of accretions like interest on securities and fixed deposit. Considering the above, the CHD is experiencing negative cash flow position which cannot be funded from port as per the Memorandum of Settlement dated 27.7.2011 which provide for no financial liability to port. For 2012-13, the loss stood at ₹17.00 crores by drop in levy and drop in manning strength.

(iii). In the light of the above submission, it is very difficult to manage the CHD with respect to the condition as per Memorandum of Settlement approved by the Government. Therefore, it requested to take up the case of revision of CHD levy on a top priority along with the general revision proposal to facilitate the port to tide over the situation by means of appropriate revision of charges with respect to the port proposal.

7.2. In response, we have vide our letter dated 12 June 2013 informed the port that the revision proposed by the VOCPT in the Cargo Handling Labour Pool (CHLP) levy forms part of the general revision proposal filed by the port and will be processed in a comprehensive manner.

8. Since the validity of the existing Scale of Rates of VOCPT expired on 31 March 2013 and recognising the time required for this case to reach final consideration, this Authority vide Order No.TAMP/9/2010-TPT dated 9 May 2013 extended the validity of the existing SOR of the VOCPT alongwith the Pension Fund Levy for labour deployed from TPTCHLP and the Special Rate for Capital Dredging from the date of expiry till 30 September 2013 or till the effective date of implementation of the revised Scale of Rates, whichever is earlier. Subsequent to that this Authority has extended the validity of the Scale of Rates of VOCPT including dredging levy and the pension fund levy a couple of times and the last extension was granted till 30 June 2014.

9. Based on a preliminary scrutiny of the proposal, the VOCPT was requested vide our letter dated 12 July 2013 to furnish information/ clarifications on various points. The VOCPT has, subsequent to the joint hearing, vide its letter dated 23 October 2013 furnished its reply on the queries raised. Summary of queries raised by us and the response of the VOCPT is brought out in the subsequent paragraphs.

10.1. The VOCPT vide its letter dated 28 August 2013 has revisited the rates proposed by it on CHD levy in its earlier proposal dated 28 February 2013 and has proposed revised rates. The main points made by VOCPT are as follows:

(i). The CHD proposal is revisited in line with the Order dated 25 March 2011 passed by the Authority approving the levy for Cargo Handling Division of Kandla Port Trust, dispensing with the element of recovery of worked wages and considering the total payment of wages and other expenses as an expenditure for recovery.

(ii). The calculation sheet of average of estimated expenditure for the years 2012-13 to 2015-16 to be recovered from CHLD levy and apportionment of average estimated expenditure to cargoes based on average hooks shifts are furnished. Considering the tonnage of cargo to be handled for each cargo viz. main pool other than coal at Coal Jetty II and Salt, Coal at Coal Jetty II and Salt, per tonne levy is recomputed.

(iii). (a). The existing CHD levy, CHD levy proposed in initial proposal and levy proposed in revised CHD proposal by VOCPT is tabulated below:

Sl. No.	Description	Rate per Metric Tonne (MT)		
		Existing CHD levy approved vide Order dated 11 October 2011	**Levy proposed in Initial proposal dated 28 February 2013**	**Levy proposed in Revised CHD proposal**
1.	All Cargoes other than Coal at Coal Jetty II and Salt	₹ 17.25	₹ 37.69	₹ 58.76
2.	Salt	₹ 18.00	₹ 63.06	₹ 98.31
3.	Coal at Coal Jetty II	₹ 10.45	₹ 28.79	₹ 44.88
4.	Pension Fund Levy	₹ 9.00	₹ 15.78	₹ 15.78
5.	For container stuffing and destuffing operations	@ 200% of Time Rate wages	@ 200% of Time Rate wages	Rate as per Sl. No. 1 shall be adopted.
6.	C&F Operation at Transit Shed and Ware house etc. levy (increase based on Sl. No. 1)	₹ 10.00 per MT	₹ 10/- per MT	₹ 34.10/- M.T
7.	For Zone 'B' (increase based on Sl. No. 1)	₹ 10.00 per MT	₹ 10/- per MT	₹ 34.10/- M.T

(b). No worked wages actual deployment shall be levied over and above the rate of levy proposed.

(c). 50% of the rate shall be levied as Stevedore levy and 50% shall be levied as Shore levy.

(d). For Sl. No. 6 & 7, the incidence is very negligible and is diversified nature of handling. Hence, increase is considered at the same proportion as per Sl. No. 1 of table above.

10.2. Based on the above submissions, the VOCPT has requested to consider the reframed proposed levy of CHD as part of its general revision proposal.

11. Since there is a wide variation in the CHD levy proposed by the VOCPT in the revised proposal of August 2013 as compared to its initial proposal, a copy of the VOCPT letter dated 28 August 2013 was circulated to the PSA SICAL and the concerned cargo related users/ user organisations seeking their comments vide our letter dated 4 September 2013.

12. A joint hearing in this case was held on 13 September 2013 at the VOCPT premises. The VOCPT made a brief presentation of its proposal. At the joint hearing, the VOCPT and the concerned users/ organisation bodies have made their submissions.

13.1. At the joint hearing, users stated that they have given their written comments. As decided at the joint hearing, users were requested to furnish additional comments, if any, on the revised CHLD proposal dated 28 August 2013 which was already circulated to the concerned users/ user associations.

13.2. As agreed at the joint hearing, the VOCPT was requested to take action and furnish additional information / clarification on the following points, which were communicated to VOCPT vide our letter dated 17 October 2012:

(i). Furnish comments on the written submissions made by the Tuticorin Ship Agents' Association and Indian Chamber of Commerce & Industry at the joint hearing. A copy each of their written submissions were forwarded to VOCPT.
[TANGEDCO had given a copy of its earlier comments dated 15 April 2013 at the joint hearing on which the VOCPT had already responded.]

(ii). Users were advised to furnish additional comments, if any, on the revised CHLD proposal of VOCPT by 20 September 2013 at the joint hearing. In this regard, Tuticorin Stevedores' Association, TANGEDCO, Southern Petrochemical Industries Corporation Ltd. and DCW Limited have furnished their comments. A copy of each of their comments was forwarded to VOCPT requesting port to furnish its comments thereon in a week's time.

(iii). As agreed at the joint hearing Tuticorin Custom House Agents' Association and M/s.Coastal Mechanised Sail Vessel Owners' Association have furnished their further comments. Apart from that, Indian Oil Corporation Limited, All India Chamber of Commerce & Industries and SHV LPG India Private Limited have also furnished their further comments on the subject proposal. A copy of each of their comments was forwarded to the VOCPT with a request to furnish its views on the comments made by these users.

(iv). At the joint hearing, some of the users objected the proposal for continuing the special rate for dredging which is in vogue for last 14 years since 1999. In this regard, as agreed at the joint hearing, the VOCPT was advised to send a note explaining in detail the linkage between the loans availed by the port trust for dredging and justify the continuation of dredging levy by 27 September 2013.

(v). The VOCPT was also requested to immediately furnish its response to the queries raised by us under cover of our letter of even number dated 12 July 2013.

14.1. With reference to point of action decided at the joint hearing brought out in para 13.2. (i) above, the VOCPT vide its letter dated 2 May 2014 has furnished its reply on the written submissions made at the joint hearing by the Tuticorin Ship Agents' Association (TSAA) and Indian Chamber of Commerce & Industry (ICCI).

14.2. With reference to point of action decided at the joint hearing brought out in para 13.2. (ii) above, the VOCPT vide its letter dated 2 May 2014 has furnished its reply on the additional comments made by the users/ user associations on the revised proposal dated 28 August 2013 on CHLD levy filed by VOCPT.

14.3. With reference to point of action decided at the joint hearing brought out in para 13.2. (iii) above, the VOCPT vide its letter dated 2 May 2014 has furnished its reply on further comments made by Tuticorin Custom House Agents' Association and M/s.Coastal Mechanised Sail Vessel Owners' Association. Apart from that, Indian Oil Corporation Limited, All India Chamber of Commerce & Industries and SHV LPG India Private Limited have also furnished their further comments on the subject proposal. A copy of each of their comments were forwarded to VOCPT to furnish its views on the comments made by the users. The VOCPT has furnished its comments thereon.

14.4. With reference to point of action decided at the joint hearing brought out in para 13.2. (iv) above, the VOCPT vide its letter dated 2 May 2014 has submitted the following:

(i). Regarding the justification for continuing the dredging levy for the tariff cycle upto 2015-16, cost statement of deficit of Dredging activity is furnished vide Annexure-XI of Port's letter of even number dated 23.10.2013. A summary of the cost statement relating to dredging activity furnished by VOCPT for the years 2011-12 to 2015-16 including the opening deficit shown as of ₹2889.89 lakhs in the year 2011-12 is tabulated below:

(₹ in lakhs)

Sl.	Particulars	Actual	Estimate

No.		2011-12	2012-13	2013-14	2014-15	2015-16
	Opening Balance	**-2,889.89**	**-5,738.03**	**-5,798.70**	**-5,518.02**	**-4,836.71**
	Add: Surplus in Estate Activity in 2008-09 & 2009-10	**378.87**				
I	**Income**					
	Dredging Levy	1,751.60	1,795.79	2,111.98	2,487.67	3,481.49
	Total Income	**1,751.60**	**1,795.79**	**2,111.98**	**2,487.67**	**3,481.49**
II	**Expenditure**					
1.	**Annual debt servicing cost**	3,095.02				
2.	Depreciation	408.82	408.82	408.82	408.82	408.82
3.	ROCE from own resources to the tune of ₹58.20 crores	825.04	809.86	796.66	783.67	770.90
4.	Capital employed of Dredging on B.No.VIII	4,060.81	3,986.10	3,911.38	3,836.66	3,761.94
5.	ROCE of dredging on B.No.VIII	649.73	637.78	625.82	613.87	601.91
6.	Total Expenditure (1+2+3+5)	**4,978.61**	**1,856.46**	**1,831.30**	**1,806.36**	**1,781.63**
	Closing Balance	**-5,738.03**	**-5,798.70**	**-5,518.02**	**-4,836.71**	**-3,136.85**
7.	Additional D. Levy income due to increase of 6.50% proposed			**68.64**	**161.70**	**226.30**
8.	**After absorption of Sl. No.7 the unabsorbed deficit**					**-2,680.22**

(ii). The said statement shows the necessity to absorb the dredging deficit of ₹3136.85 lakhs arising out of shortfall in income generated to meet debt servicing cost and other elements of depreciation and Return on Capital employed during tariff cycle in addition to carry forward deficit from previous tariff cycle upto 2011-12.

(iii). The above deficit at the end of current tariff cycle (2015-16) is estimated to reduce to ₹2,680.22 lakhs if 6.5% tariff increase proposed by the port is approved by the Authority.

(iv). Hence, the dredging levy is proposed to be continued in the existing tariff cycle as well.

15.1. With reference to point of action decided at the joint hearing brought out in para 13.2. (v) above, the VOCPT vide its letter dated 23 October 2013 has furnished its response to the queries raised by us vide our letter dated 12 July 2013. The summary of the queries raised by us and reply furnished by the port are tabulated below:

Sl. No.	Queries raised by us	Response of VOCPT
(A).	**General:**	
(1).	A copy of approval of the Board of Trustees of the VOCPT for the proposal may be furnished.	Copy of Board Resolution No. 214 dated 22.3.2013 is furnished.
(2).	Rebates and discounts, if any, over the notified ceiling tariff, allowed by VOCPT during the years 2011-12 to 2012-13 may be listed out. Consequential effect of such concessions granted on growth of traffic and impact of such reduction on revenue may be analyzed item-wise and furnished.	No rebate has been granted for the period from 2010-11 to 2012-13.
(3).	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 authorized by the port. If so, the VOCPT may initiate action with reference to Chapter 7 of the tariff guidelines.	The Port permits private equipments for own use of Stevedores' / CHA on licence basis as per provisions of Scale of Miscellaneous services. Hence the question as of now does not arise. However, the future projects are envisaged under PPP mode.
(4).	As the financial year 2012-13 is already over, the VOCPT is requested to update the cost statements with 2012-13 provisional/ unaudited actuals followed	Figures for 2012-13 actual are incorporated with related proportions for 2013-14 to 2015-16 and are furnished.

	with draft accounts as soon as same is available. The estimates for the subsequent years 2013-14 to 2015-16 may also be reviewed, if necessary, based on 2012-13 actuals. The basis adopted for estimation may be indicated.	
(5).	As per clause 2.6.2 of the tariff guidelines of March 2005 it is necessary to conduct time and motion study of different operations and regularly adjust manning scales/datum accordingly after due process of law. The action taken on implementation of the Manning Scale Award dated 19 April 2006 of the National Industrial Tribunal may kindly be informed. If implemented please clarify whether it is in accordance with the award duly indicating the reduction in cost/ income. In case of partial implementation, explain the reasons for such settlement, duly indicating the cost/ income implications.	Manning scale as per Award dated 19.4.2006 has been implemented with effect from 21.5.2012. Because of the implementation, the worked wages has come down resulting in savings to the tune of ₹6.00 crores/ p.a. to the Users. Drop in worked wages per tonne in respect of major cargoes like Thermal coal, Copper concentrate, Steaming non-coking coal, Sugar etc., are furnished.
(6).	The tariff guidelines of 2005 stipulate that tariff should be linked to the benchmark levels of productivity. In this regard, the VOCPT is requested to furnish the details about the current performance and targeted objectives for productivity enhancement measures as required under Sl. No. 6. Such benchmark in the level of productivity may be included in the Scale of Rates as a conditionality governing the respective tariff items.	Port operations are being carried out simultaneously with private arrangements/ ship derricks. Moreover, productivity depends on various factors like number of equipments made available, efficiency of the equipment, cargo condition, number of hatches/ gangs in operation, etc., and developing a monitoring system is not practicable. Hence, the question of determining the benchmark level of productivity in the uncontrolled environment will not be practicable in the present scenario.
(B).	**Highlights of the Proposal (Form 1):**	
(1).	The proposal of VOCPT proposes 7.51% increase in the existing Scale of Rates and also proposes to introduce pension fund levy at ₹17.96 per tonne. However, the statement furnished by the VOCPT at SI. No. 5 relating to change in the average cost for typical port users show the average cost for typical users at the same level in respect of cargo and vessel related services before revision and after revision of the Scale of Rates. The VOCPT is requested to correct the details furnished at SI.No.5 so as to reflect the effect of revision proposed in its SOR.	The corrected Statement is furnished vide Form-1.
(2).	The VOCPT has sought increase in existing vessel related charges. However, details furnished at Sl.No.7 do not indicate any revenue implication on account of upward revision proposed in vessel related charges. The details furnished at Sl. No.7 may be corrected in light of the above observation.	The corrected statement is furnished vide Form-1.
(3).	Sl.No.8 seeking information about deviations from tariff guidelines, if any, is not filled by the port. The port is advised to fill the requisite details at SI.No.8.	Revised format duly filled is furnished vide Form-1.
(C).	**<u>Past period Analysis (Form-7)</u>:**	
(1).	At the time of last comprehensive revision of SOR of VOCPT in October 2011, the tariff was fixed based on the estimates for the years 2011-12 and 2012-13. In Form-7, VOCPT has furnished analysis of variation of actual physical and financial performance for the year 2011-12 only. Since the financial year 2012-13 is already over, VOCPT is requested to update Form-7 with analysis of a actuals vis-à-vis its estimates for the year 2012-13 based on provisional/draft accounts. The reason for variation in the actual vis-à-vis	The updated Form-7 with analysis of actual vis-à-vis its estimates for the year 2012-13 is prepared and furnished.

<table>
<tr><td></td><td>estimates may also be given.</td><td></td></tr>
<tr><td>(2).</td><td>The actual depreciation, M&G Overheads, operating surplus, surplus before interest & tax, capacity utilization and net surplus/deficit, etc. for the year 2011-12 shown in the Form-7 do not match with the actuals given in Form-3A for the corresponding period. The VOCPT is requested to correct the relevant Forms and ensure that the actuals for the year 2011-12 and 2012-13 under each head match in both these forms.</td><td>The actual depreciation, M&G overheads, operating surplus, surplus before interest & tax, capacity utilization and net surplus/ deficit, etc. for the year 2011-12 & 2012-13 shown in the Form-7 are tallied with the actuals given in Form-3A with some adjustments like excluding the portion of M & G relating to Railway.</td></tr>
<tr><td>(3).</td><td>The traffic estimates for the year 2011-12 furnished in Form-7 may be updated with the traffic estimates considered by the Authority during the last tariff review.</td><td>Since updated and furnished in Form-7.</td></tr>
<tr><td>(4).</td><td>During the last tariff revision, the VOCPT had excluded contribution to Pension Fund/ Gratuity Fund and Pension payments reported in the 2010-11 actuals under the head FME and restricted the contribution to Pension Fund at ₹400 lakhs per annum stating that it is the approximate amount computed @ 15% of salaries and wages and 8.33% towards gratuity. For the year 2011-12, this cost item was escalated by 6% in our tariff Order. In the Statement-A now furnished, it is seen that for the years 2010-11 and 2011-12 the port has not considered any contribution to Pension/ Gratuity Fund in line with the approach followed in the last tariff revision. The VOCPT is requested to examine and modify the actual FME for the years 2010-11 and 2011-12 in the light of the above observation.</td><td>As actuarial valuation is made as on 31st March of each year, only for future, the annual liability would arise. Accordingly, the same is projected for 2013-14 to 2015-16. For 2010-11, 2011-12, 2012-13 since actuals are considered question of revision of FME does not arise.</td></tr>
<tr><td>(D).</td><td><u>Financial/Cost Statement</u>:</td><td></td></tr>
<tr><td>(1).</td><td>The format prescribed by the Authority requires the port trust to furnish the cost statement at the existing tariff as well as at the proposed tariff for the three years period. The consolidated cost statement as well as activity/ sub-activity-wise cost statement furnished by the VOCPT does not project the estimates at the proposed tariff. The VOCPT may update the cost statement furnishing the estimates at the proposed tariff in line with the format prescribed by the Authority.</td><td>The required information as prescribed by the Authority is furnished vide Form-2B. The consolidated cost statement as well as activity/ sub-activity-wise cost statement is also furnished at the existing tariff and not projected at the proposed tariff since a 6.50% increase is proposed on all the tariff items except dredging levy.</td></tr>
<tr><td>(2).</td><td><u>Capacity</u>:</td><td></td></tr>
<tr><td>(i).</td><td>The VOCPT is requested to furnish workings for the designed capacity furnished in Form 2A for the years 2012-13 to 2015-16.</td><td>The statement showing designed capacity of the port (year-wise) from 2011-12 to 2015-16 is given below:
(in Million Tonne)
<table>
<tr><th>S. No.</th><th>Description</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>1.</td><td>Op. Bal. as per MOS letter dated 25.6.2012</td><td>33.34</td><td>33.34</td><td>33.57</td><td>44.97</td><td>50.17</td></tr>
<tr><td>2.</td><td>Additions</td><td></td><td>0.23</td><td></td><td></td><td></td></tr>
<tr><td>3.</td><td>NCB-I</td><td></td><td></td><td>4.50</td><td></td><td></td></tr>
<tr><td>4.</td><td>NCB-II</td><td></td><td></td><td>6.90</td><td></td><td></td></tr>
<tr><td>5.</td><td>VIII Berth Container Terminal</td><td></td><td></td><td></td><td>5.20</td><td></td></tr>
<tr><td>6.</td><td>NCB-III</td><td></td><td></td><td></td><td></td><td>9.15</td></tr>
<tr><td>7.</td><td>NCB-IV</td><td></td><td></td><td></td><td></td><td>9.15</td></tr>
<tr><td>8.</td><td>Shallow cement</td><td></td><td></td><td></td><td></td><td>2.67</td></tr>
<tr><td>9.</td><td>Shallow-Constn. Mat.</td><td></td><td></td><td></td><td></td><td>2.02</td></tr>
<tr><td>10.</td><td>Total capacity</td><td>33.34</td><td>33.57</td><td>44.97</td><td>50.17</td><td>73.16</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>The Authority has approved seven tariff Orders for various PPP projects at VOCPT. Please indicate the</td><td>The concession agreement entered with BOT Operator are already furnished vide Port's letter</td></tr>
</table>

<table>
<tr><td></td><td>capacity augmentation (project-wise) expected from these PPP projects during the tariff revision under consideration. The port may also indicate increase in capacity envisaged on account of various investments like dredging at NCB-II, III & IV and Shallow Water Berth-I & II proposed during this tariff cycle and confirm its inclusion in the design capacity.</td><td>No.FIN-OFCJ-PPP P-IV.13/D1156 dated 28.5.2013 (Project-wise). However, the capacity augmentation (project-wise) within the tariff cycle is furnished below:-
<table>
<tr><th>S. No.</th><th>Name of the Project</th><th>Year</th><th>Capacity in m</th></tr>
<tr><td>1</td><td>NCB-II</td><td>2014-15</td><td>5.00</td></tr>
<tr><td>2</td><td>NCB-III</td><td>2015-16</td><td>2.50</td></tr>
<tr><td>3</td><td>NCB-IV</td><td>2015-16</td><td>2.50</td></tr>
<tr><td>4</td><td>VIII Berth</td><td>2015-16</td><td>2.26</td></tr>
<tr><td>5</td><td>Shallow cement</td><td>2015-16</td><td>0.75</td></tr>
<tr><td>6</td><td>Shallow constn. Mat.</td><td>2015-16</td><td>0.38</td></tr>
</table></td></tr>
<tr><td>(3).</td><td><u>Traffic (Form 2A)</u>:</td><td></td></tr>
<tr><td>(i).</td><td>A copy of the five year plan / annual plan fixed by the Ministry of Shipping for the VOCPT may please be furnished. Traffic projections contained in the Business Plan of the port may also be furnished. The VOCPT may confirm whether the traffic estimates are 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 2013-14 to 2015-16.</td><td>A copy of Five year Plan/ annual plan is furnished. The traffic projections are estimated based on the expected development of future PPP Projects considering the five year plan and annual plan also.
[Copy of the five year plan/ annual plan stated to have been forwarded by VOCPT pertain to various capital expenditure schemes for each of the years for 12th plan and not with reference to Traffic projections.]</td></tr>
<tr><td>(ii).</td><td>As the financial year 2012-13 is already over, the estimated traffic for the year 2012-13 may be updated with the actual traffic handled during the year and estimates for the years 2013-14 to 2015-16 may be reviewed, if required.</td><td>The estimated traffic for the year 2012-13 furnished previously based on R.E. 2012-13 is now changed with reference to Actuals 2012-13 and future estimates have also been changed accordingly.</td></tr>
<tr><td>(iii).</td><td>The VOCPT has estimated the traffic for the years 2013-14 to 2015-16 at uniform level of 302 lakh tonnes. The justification for not anticipating any growth in total traffic for these years may be furnished.</td><td>Due to anticipated shift in respect of Industrial Coal to NCB-II in 2014-15, Rock Phosphate to NCB-IV, and Cement to Shallow Draught Berth Cement in 2015-16, the growth in total traffic is anticipated only in respect of PPP Projects.</td></tr>
<tr><td>(iv).</td><td>It appears that the traffic figures shown in Form 2A at Sl. No.I and Form 3A includes the traffic of BOT operator PSA SICAL Terminals Limited (PSA SICAL). The VOCPT is requested to furnish the actual traffic exclusively handled by the port for the years 2011-12 to 2012-13 as well as estimates for the year 2013-14 and 2015-16. The traffic handled/ projected to be handled by PSA SICAL (in TEUs as well as tonnes) and by each of the other BOT operators may also be furnished for the corresponding period.</td><td>(Lakh Tons)
<table>
<tr><th>Sl. No.</th><th>Year</th><th>Port</th><th>SICAL</th><th>Thro' PPP Projects</th><th>Total</th></tr>
<tr><td>1</td><td>2011-12 (Actual)</td><td>185.79</td><td>92.26</td><td></td><td>281.05</td></tr>
<tr><td>2</td><td>2012-13 (Actual)</td><td>190.34</td><td>92.26</td><td></td><td>282.60</td></tr>
<tr><td>3</td><td>2013-14 (Est.)</td><td>209.74</td><td>92.26</td><td></td><td>302.00</td></tr>
<tr><td>4</td><td>2014-15 (Est.)</td><td>210.70</td><td>92.26</td><td>34.46</td><td>337.42</td></tr>
<tr><td>5</td><td>2015-16 (Est.)</td><td>209.74</td><td>92.26</td><td>194.34</td><td>496.34</td></tr>
</table></td></tr>
<tr><td>(v).</td><td>The Coal (coastal) traffic is expected to reduce by -0.8% in the year 2012-13 over the actual traffic handled in the previous year 2011-12. For the subsequent years 2013-14 to 2015-16, no growth is expected in coal traffic. Explain the reason for not projecting any growth in coal traffic during the years 2013-14 to 2015-16.</td><td>The same depends on TNEB's requirement which will not be on an escalating manner till further expansion take place.</td></tr>
<tr><td>(vi).</td><td>The VOCPT has considered 50% drop in the estimated cargo of Fertiliser and Fertiliser Raw Materials (Foreign) in the year 2012-13 over the actual fertilizer cargo handled during the year 2011-12. 5% increase is projected in the year 2013-14 over the year 2012-13 and thereafter no growth is</td><td>Due to non-functioning of M/s.SPIC properly, the major handling of Fertiliser and Fertiliser Raw materials handled by M/s.SPIC was reduced and in turn the handling by the Port was reduced by 50% in 2012-13 (10.51 lakh tonnes) over the previous year 2011-12 (20.02 lakh tonnes).</td></tr>
</table>

<table>
<tr><td></td><td>anticipated in this cargo. Explain reasons for projecting steep reduction in fertilizer cargo volume in the year 2012-13 over the 2011-12 actuals. Actual fertiliser traffic figure handled during the year 2012-13 may be furnished. The traffic projected for the years 2013-14 to 2015-16 may be reviewed, if necessary, based on 2012-13 actual fertilizer traffic handled by the port.</td><td>Hence, the estimate is reduced by 50% in 2012-13 and thereafter a marginal increase of 5% is expected for the subsequent years. However, this is revised by adopting 2012-13 actuals.</td></tr>
<tr><td>(vii).</td><td>The reasons for estimating around 5% drop in other cargo (foreign category) in the years 2014-15 and 2015-16 over the respective previous years may be explained.</td><td>Due to anticipated shift in respect of Industrial Coal to NCB-II in 2014-15, Rock Phosphate to NCB-IV, and Cement to Shallow Draught Berth Cement in 2015-16, the drop is reasonable.</td></tr>
<tr><td>(viii).</td><td>Please list out the items handled/ proposed to be handled under the head 'Other Cargoes'.</td><td>Other cargoes represent the cargoes like Copper Concentrate, Granite, Timber logs, phosphoric acid, Sugar, construction materials etc.</td></tr>
<tr><td>(ix).</td><td>(a). Please furnish breakup of the cargo under the category 'Other cargo'.</td><td>List of other cargo is furnished by the port which covers eighteen items of cargo.</td></tr>
<tr><td></td><td>(b). From the traffic figures furnished by the VOCPT it is seen that the traffic of Coal and Other cargos constitute more than 10% of the total traffic of the port. As prescribed in Note 1 of the format prescribed by the Authority, the VOCPT is requested to furnish the separate sub-activity-wise cost statements for coal and for those items of other cargo where traffic is more than 10% of the projected traffic.</td><td>In VOC Port, except Coal Jetty I & II, Oil Jetty, Containers and Berth No.VII, no exclusive Terminal facility is available for bulk and break bulk. Hence separate cost statement for all cargoes having more than 10% of projected traffic other than the aforesaid is not relevant considering the diversified operation with wharf cranes, without wharf cranes, ship gears etc.</td></tr>
<tr><td>(x).</td><td>The VOCPT is requested to confirm that the traffic estimated during the year 2015-16 from PPP project awarded at NCB-III, royalty/ revenue share, if any, estimated in the cost statement will materialize in view of pending litigation reported by the VOCPT in its letter No.FIN-OFCJ-PRJ-PPP P-IV-13 dated 28 May 2013.</td><td>It is expected that the NCB-III project is expected to commence operations in the year 2015-16 by conclusion of the litigations and the consequent period of completion as per the concession Agreement. Hence only 50% of MGT capacity of 2.5 million tonnes is considered in the income projections.</td></tr>
<tr><td>(4).</td><td><u>Income Projection (Form 2B)</u>:</td><td></td></tr>
<tr><td>(i).</td><td>As stated earlier, the income estimated for the year 2012-13 may be updated with actuals. The income estimates for the years 2013-14 to 2015-16 may also be reviewed, if necessary, based on the actual income earned in the year 2012-13.</td><td>Revised cost statement is furnished updating 2012-13 estimates with actuals.</td></tr>
<tr><td>(ii).</td><td>Note 3 to Form 2B of the prescribed formats for tariff proposal adopted by the 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 VOCPT. Please furnish detailed computation of income with reference to the estimated traffic at VOCPT's existing Scale of Rates and the proposed Scale of Rates for all the years under consideration.</td><td>Till the year 2013-14 the income projections are made based on the B.E. 2013-14 and beyond the year 2014-15 to 2015-16 the income projections are made based on the income of B.E 2013-14 plus additional income to be received from PPP Projects in the pipe line.</td></tr>
<tr><td>(iii).</td><td>Furnish royalty/ revenue share likely to accrue from each of the BOT/ PPP operators separately for the years 2013-14 to 2015-16.</td><td>Statement showing year-wise royalty/ revenue share receivable from PSA SICAL and other PPP Operators' is given below:
(₹ in lakhs)
<table>
<tr><th>Sl. No.</th><th>BOT/ PPP operators</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>1.</td><td>PSA SICAL</td><td>8,927.04</td><td>10,111.55</td><td>10,111.55</td><td>10,111.55</td><td>10,111.55</td></tr>
<tr><td>2.</td><td>NCB-II</td><td></td><td></td><td></td><td>5,392.47</td><td>5,392.47</td></tr>
<tr><td>3.</td><td>NCB-III</td><td></td><td></td><td></td><td></td><td>1,282.96</td></tr>
<tr><td>4.</td><td>NCB-IV</td><td></td><td></td><td></td><td></td><td>1,117.46</td></tr>
<tr><td>5.</td><td>VIII Berth</td><td></td><td></td><td></td><td>966.75</td><td>1793.16</td></tr>
<tr><td>6.</td><td>Shallow water-cement</td><td></td><td></td><td></td><td></td><td>172.87</td></tr>
<tr><td>7.</td><td>Shallow water-const. material</td><td></td><td></td><td></td><td></td><td>91.81</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td></td><td><table>
<tr><td>8.</td><td>Upgradation of Mech. Equip.</td><td></td><td></td><td></td><td>313.13</td><td>313.13</td></tr>
<tr><td></td><td>Total Royalty/ Revenue share</td><td>8,927.04</td><td>10,111.55</td><td>10,111.55</td><td>16,783.89</td><td>20,275.40</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>Breakup of income from ‘Others’ at Sl.No.A(V) of Form-2B for the years 2013-14 to 2015-16 may be furnished.</td><td>The income from Others at A(V) represents the revenue share from NCB II and 8th Berth Container Terminal in 2014-15, and in addition, from NCB III, NCB IV, SWB (Cement), SWB (Construction Materials) in 2015-16. Detailed working of revenue share estimation is furnished.</td></tr>
<tr><td>(v).</td><td>VOCPT has estimated traffic from various upcoming PPP projects for the years 2014-15 and 2015-16. In this context, following information may be furnished projectwise alongwith detailed workings explaining its treatment in the cost statement-</td><td></td></tr>
<tr><td></td><td>(a). Please indicate the exact/expected date of commencement of the PPP projects.</td><td>Details are furnished. Summary position is given below:
<table>
<tr><th>Project Name/ Berth No.</th><th>BOT operator to whom project is awarded</th><th>Date of LA</th><th>Expected date of commencement operations</th></tr>
<tr><td>Berth No.8</td><td>M/s.Dakshin Bharat Gateway Terminal Private Ltd., Mumbai</td><td>04.09.2012</td><td>June 2014</td></tr>
<tr><td>NCB-II</td><td>M/s.Tuticorin Coal Terminal Pvt. Ltd., Mumbai</td><td>11.09.2010</td><td>February 2014</td></tr>
<tr><td>NCB-III</td><td colspan="3">Awaiting clearance from Hon’ble Supreme Court for issue of Letter of Award</td></tr>
<tr><td>NCB-IV</td><td>M/s.TRANSSTORY-North Cargo Berth-IV Port Pvt. Limited, Hyderabad</td><td>17.4.2013</td><td>24 months from the date of Award of concession</td></tr>
<tr><td>Shallow draught construction material</td><td colspan="3">Under litigation. Judgment is awaited.</td></tr>
<tr><td>Shallow draught (cement)</td><td>M/s.TRANSSTORY-Shallow Draught Berth Port Pvt. Limited, Hyderabad</td><td>17.4.2013</td><td>24 months from the date of Award of concession</td></tr>
<tr><td>Mechanised handling</td><td>M/s.IMC-PSTS Pvt. Limited Consortium, Chennai</td><td>3.5.2013</td><td>January 2014</td></tr>
</table></td></tr>
<tr><td></td><td>(b). The additional income likely to accrue from the land to be allotted, if any, on lease to BOT operators for PPP projects.</td><td>The land allotment to PPP operators is yet to take place. There is no such requirement. However, the water front area is leased to the PPP operators of NCB II, NCB IV, Shallow Draught Berth (Cement) and Berth area leased to VIII Berth Container Terminal Operator. The licence fees collected and anticipated for NCB II is ₹1.29 crores and for VIII Berth Container Terminal it is ₹0.99 crores in 2011-12 and 2012-13 respectively. For Shallow Draught Berth (Cement), the License Fees is ₹50.31 Lakhs received in 2013-14. Thereafter, the same shall accrue annually. Regarding the other berths, from the date of handling over of assets to occur, the licence fees as per the agreement are considered.</td></tr>
<tr><td></td><td>(c). The anticipated royalty/ revenue share for new PPP projects envisaged to be commissioned in the years 2014-15 and 2015-16 along with detailed working. Please show that treatment of revenue share receipts is considered in line with clause 2.8.3.</td><td>Details already furnished at point 4(iii) above.</td></tr>
</table>

	of the 2005 tariff guidelines.	
	(d). The amount of upfront fee likely to be received by the VOCPT from the PPP operator/s for the various projects. Also indicate the treatment given to upfront fee received/ receivable by VOCPT.	The upfront amount has been received only from Berth No.VIII Container Terminal Operator of ₹5.00 crores as per Concession Agreement with the said operator. The same has been accounted as revenue receipt in 2012-13 as per the accounting policy of the Port uniformly followed for all the years.
	(e). VOCPT is requested to capture the anticipated income as at (a), (b) and (c) above in the income estimation for the respective years and furnish the revised cost statements.	The required details are incorporated in the TAMP format.
(vi).	The port has estimated 7% reduction in income from estate rentals in the year 2012-13 over the actual estate revenue earned during the year 2011-12. For the year 2013-14, it has estimated 0.27% increase in estate revenue over the actual earned in the previous year. For the subsequent years i.e. 2014-15 and 2015-16, income is maintained at the level of 2013-14. In this regard, the following may be furnished:	
	(a). Please indicate the additional revenue likely to accrue on account of proposal filed by VOCPT for revision in estate rentals from 1 July 2007 to 30 June 2012 and from 1 July 2012 to 30 June 2017 which is under consideration by the Authority. The port may clarify whether the income estimated from estate includes the effect of additional revenue likely to accrue in view of revision proposed in the estate rental which is being processed as a separate case by the Authority.	The additional revenue likely to accrue on account of the proposals submitted by the Port for revision in estate rentals is furnished below: (**₹ in lakhs**) <table><tr><th>Description</th><th>2011-12</th><th>2012-13</th><th>2013-14</th></tr><tr><td>Lease Rent</td><td>890.22</td><td>2574.76</td><td>2622.32</td></tr></table>
	(b). As stated in para 4(v)(b) above, please confirm and show that the lease rental likely to accrue from the BOT/PPP operators for the projects awarded by the VOCPT for the years 2013-14 to 2015-16 is considered in the estimates.	As already indicated in para 4(v)(b), the licence fees for allotment of waterfront for the specific PPP operators is incorporated in the actual income for 2011-12 and 2012-13 and income projections for 2013-14, 2014-15 and 2015-16.
	(c). Confirm that annual escalation of 2% as per the Government guidelines on land policy 2010 is considered in the income estimation from estate rentals.	Yes.
(vii).	The VOCPT is requested to confirm that all the income estimates are at rates approved in the existing Scale of Rates of the VOCPT.	Yes.
(5).	**Consolidated Income & Cost Statement (Form-3A):** The cost statement relating to the railway activity shows deficit in the existing arrangement, for all the years under consideration. The port has set off the part of deficit reflected in the cost statement of the railway activity for the past period 2007-08 to 2010-11 from overall surplus position in the year 2010-11 and 2011-12. In this regard attention is drawn to para 17(xv) of the last tariff Order wherein it is clearly stated that Railway activity does not fall within jurisdiction of this Authority. In the last tariff Order, the Port was advised to file suitable proposal with Railway Board seeking hike in railway related charges in view of deficit in the railway activity. In this regard, please furnish the following:	
(i).	Steps taken to make the railway activity self-reliant.	The Railway Board has been approached to revise the Railway Siding Charges vide Port's letter No.A-1/61/2006 dated 14.10.2010 and
(ii).	Efforts made to review and revise the terminal charges with the approval of Railway Board.	

		subsequent reminders. The response of the Ministry of Railways is not positive. Hence, the Port may be allowed to absorb the Railway Deficit for the past years upto 2012-13 in the General Revision Exercise of the Port.
(iii).	The necessity for the other port charges to cross-subsidise this activity.	Railway activity is not an exclusive activity but is incidental to cargo handling. Hence, it is appropriate that the deficit is absorbed by other activities. The same may please be admitted.
(6).	**Operating Expenditure**:	
(i).	The total operating expenditure under cargo handling activity is estimated to increase by 7.8%, 7.2% and 7.8% for the years 2013-14 to 2015-16 respectively over the estimates respective previous years, vessel related activity is estimated to reduce by -15.8%, -9.4% and 5.3% increase in the years 2013-14 to 2015-16 over the estimates of the respective previous years, Estate activity is estimated to increase by 4.1%, 6.7% and 6.7% and the Management and General Overheads are estimated to increase by 5.8%, 6.5% and 6.5% in the years 2013-14 to 2015-16 over the estimates respective previous years. The Authority vide letter No.TAMP/27/2005-Misc dated 27 June 2013 has communicated to all Major Port Trust including VOCPT that an annual escalation of 7% is decided to be allowed in the tariff cases to be decided in the year 2013-14. Explain reasons, if any, for estimating the expenditure in cargo handling activity higher than the allowable annual escalation of 7%.	Regarding Cargo Handling and Storage, the expenditure for 2013-14 is with respect to the major expenditure of Repairs and Rehabilitation of Korampallum Surplus Course Bridge and Railway overbridge as well as depreciation on new assets created like Alternative escape route road from Thermal Roundana to Muthiapuram and fresh maintenance contract for Wharf Crane after Warranty period and Road maintenance. Regarding Port and dock activity, periodical major dry docking executed in 2012-13 & 2013-14 in respect of MT Thiruvalluvar, MT Tuticorin, ML Bharathi, ML Tuticorin. The same is not recurring in subsequent years. Hence the expenditure for 2014-15 is reduced. However, the figures are updated after incorporating the actual for 2012-13 and anticipated expenditure in 2013-14 for dry docking and other major expenditure.
(ii).	As the financial year 2012-13 is already over, expenditure figures in Form-3B as well as in Form-3A may be updated with the actuals as per provisional/ draft accounts.	Furnished in Form-3A & 3B.
(iii).	Form-3B:	
	(a). SI. No. A(I)(i) in Form 3B shows reduction in the strength of employees by 10%, 10% & 13% in the years 2013-14, 2014-15, & 2015-16 respectively over the estimate of respective previous years. Explain the reasons for estimating increase in salaries and wages by 10%, 6.5% & 6.5% in the years 20-13-14 to 2015-16 despite estimating reduction in number of employees during this period.	Increase in salaries & wages is contributed by normal increase per annum @ 12%. The drop in number of employees is less than prop. vis-à-vis increase in financial element. Hence, the increase is justified on the above lines. Allowance has been given for the retirement.
	(b). The annual escalation in unit cost of employee is escalated by 22%, 18%, 22% in the years 2013-14 to 2015-16 respectively over the estimates of respective previous years as against annual escalation of 7% decided to be allowed by the Authority in the tariff cases to be decided in the year 2013-14. The VOCPT may therefore review the estimates in line with annual escalation applicable for these years.	The salaries and wages on an average are escalating by 12% annually. In addition, 15% increase in wages for revision of salaries with effect from 1.1.2012 has been included. For 2013-14 also, the same is to be accommodated after giving the allowance for retirement. Hence the increase over 2011-12 salary is justified. The figures are since updated with Actuals 2012-13.
	(c). 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. Generally, the consumption of power and fuel may vary with reference to the traffic growth. The power and fuel cost estimated by the VOCPT, however, does	The usage of power for traffic handling is only with respect to Wharf Crane, the utilisation of which is unpredictable due to usage of ship derricks and the volatility of the usage of wharf cranes in the past three years as follows: 2010-11- 47.73% 2011-12- 37.10% and 2012-13-31.82%. Regarding consumption of fuel, the same is in consonance with traffic projections

	not seem to factor the traffic growth anticipated in the years 2013-14 to 2015-16. The VOCPT may, if necessary, review the estimates in power and fuel costs.	read with increased parcel size of the vessels. Hence, the projections are found to be in order.
	(d). Stores and Spares: The estimates of stores and spares for the years 2013-14 to 2015-16 is based on 2012-13 estimates which shows steep increase of 267.65% over the actuals of previous year 2011-12. The port is requested to update actuals for the year 2012-13 and also review the estimates for the years 2013-14 to 2015-16. In case there is steep increase in actual cost of stores and spares during the year 2012-13, then the reasons for the same may be furnished.	Actuals 2012-13 are incorporated and future projections are appropriately considered.
(iv).	Depreciation: The sum of depreciation indicated in consolidated cost statement (Form-3A) (excluding railways and dredging depreciation) and depreciation for railways and dredging indicated in Statement-A, do not tally with the depreciation considered in Form-4A. The VOCPT is requested to reconcile the Depreciation (as per the Companies Act) in both these statements for each of the years 2011-12 to 2015-16.	Since reconciled in both the statements and furnished in Form-3A & 4-A. As per the revised format, the figures in Form 3A and Form 4A are tallied. [The reconciliation stated to have been furnished is not attached.]
(7).	**Finance & Miscellaneous Income:** The FMI income (excluding railway and dredging) shows a sudden reduction from ₹2276.4 lakh in the year 2010-11 to ₹1273.45 lakh in 2011-12 actuals. The FMI income estimated in the year 2012-13 at ₹1594.72 lakhs is estimated to reduce to ₹786.94 lakh, ₹794.81 lakh and ₹802.75 lakh in the years 2013-14 to 2015-16 respectively. Explain the reason for estimating sudden reduction in the FMI income during the years 2013-14 to 2015-16 over the actuals in 2011-12 and estimates of 2012-13.	The reduction in Finance and Miscellaneous Income in 2011-12 and 2012-13 was due to reduced surplus funds on account of utilisation of existing funds for Dredging carried out for draft to 12.8 mr of approach channel and basin in 2011-12 at a cost of ₹472.00 crores. However, on account of receipt of grant of ₹100.13 crores in January 2013, ₹24.50 crores in March 2013 and ₹40.50 crores in July 2013, the interest calculations are updated and the revised figures are considered.
(8).	**Finance & Miscellaneous Expenses:**	
(i).	The Port has considered annual contribution to Pension Fund and Gratuity Fund of Serving employees and Retirees at ₹553 lakhs and ₹123 lakhs for each of the years 2012-13 and 2013-14. From statement-(A), it is seen that the VOCPT has excluded contribution to Pension Fund, Gratuity Fund and Pension payments to the tune of ₹4337.58 lakhs, ₹4730 lakhs, and ₹4901 lakhs in the year 2011-12 to 2013-14 respectively under the head FME. Note 6 to Form-3A stipulates that pension payments made by the port to the extent not drawn from the fund and the contribution made to the pension fund relevant to current year towards pension liabilities of existing employees based on actuarial valuation shall be considered as cost under the head FME. Please confirm compliance of this note.	The pension payments and contribution to pension fund with respect to shortfall in Pension Fund based on actuarial valuation are considered separately to work out the Pension Fund Levy. This may please be admitted.
(ii).	Please confirm that the onetime expenses such as arrears of wages/pension, VRS compensation is excluded from the FME.	It is excluded.
(9).	**Form-3C:** With reference to Form-3C, it is seen that Contribution to Pension Fund & Gratuity Fund is ₹1450 lakhs and ₹350 lakhs respectively aggregating to ₹1800 lakhs,	The difference is due to creation of accrual in 2011-12 in General Revenue which has been considered in subsequent years. However, in the revised calculations, the issue is appropriately

<table>
<tr><td></td><td>whereas, the Annual accounts for the year 2011-12 report the total contribution to Pension Fund & Gratuity Fund at ₹2000 lakhs. The VOCPT is requested to reconcile the difference in Form-3C and the Annual accounts for the year 2011-12.</td><td>considered as per actuals 2011-12 & 2012-13.</td></tr>
<tr><td>(10).</td><td>Please confirm that the cost statements for main activities/ sub-activities are prepared in line with the general instruction given in Form 5 of the cost format. The basis of allocation of Management and General Overhead, Finance and Miscellaneous Income and Miscellaneous Expenditure between various activities/ sub-activities may be indicated.</td><td>Yes. The Management & General Overhead and F & M expenditure are allocated based on the direct cost excluding depreciation and the F & M Income is apportioned based on direct income of respective activity. Instructions of Form-5 are complied with.</td></tr>
<tr><td>(11).</td><td><u>Capital employed</u>:</td><td></td></tr>
<tr><td>(i).</td><td><u>Form-4A</u>:
The figures furnished in Form-4A may be revised/ modified in light of the following observations:</td><td></td></tr>
<tr><td></td><td>(a). Annual Accounts for the year 2011-12 report deletions of ₹68.37 lakhs from the gross block. However, Form 4A does not show any deletion of assets in the year 2011-12. Moreover, the gross block of fixed assets, addition to gross block, etc., in Form-4A do not match with figures reported in the Annual Accounts for the year 2011-12. The figures in Form-4A may be reconciled with Schedule III of Annual Accounts for the year 2011-12 and 2012-13 (provisional/ draft accounts).</td><td>Since reconciled with respect to Actuals 2012-13.</td></tr>
<tr><td></td><td>(b). As the financial year 2012-13 is already over, the details furnished in Form-4A and 4B may be updated with actuals for the year 2012-13. Estimates for subsequent years 2013-14 to 2015-16 may be reviewed, if necessary, based on 2012-13 actuals.</td><td>Updated and furnished.</td></tr>
<tr><td></td><td>(c). Details of project/ feasibility reports relied upon for taking the investment proposed by VOCPT in the years 2013-14 to 2015-16 along with the summary of the recommendations contained in those reports may be furnished for perusal. Kindly state whether these proposed additions will have the effect of addition to the traffic, capacity, reduction in unit cost and improvement in operational efficiency vide clause 2.6.3 of the tariff guidelines. Please furnish the details of the proposed additions in the following format:
<table>
<tr><th>Sr. No.</th><th>Proposed additions</th><th>Value</th><th>Actual/ Expected Date/ year of commissioning</th><th>Status as on 31 March 2013</th><th>Additional Capacity #</th><th>Additional traffic year-wise *</th></tr>
<tr><td>1.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>2.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>3.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>4.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>5.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>6.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>7.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>8.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>9.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>10.</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>
Confirm it is considered in designed capacity in Form 2B.

* Confirm it is captured in overall traffic projections of the port.</td><td>The statement showing details of proposed additions in capacity and traffic is given below:
(Capacity in Million Ton)
<table>
<tr><th rowspan="2">Proposed Additions</th><th rowspan="2">Value/ Capital cost</th><th rowspan="2">Expected date of commi-ssioning</th><th rowspan="2">Present status</th><th rowspan="2">Additional capacity</th><th colspan="2">Additional traffic year-wise</th></tr>
<tr><th>2014-15</th><th>2015-16</th></tr>
<tr><td>NCB-I</td><td>Deposit terms</td><td>Jan-14</td><td>Under Construction</td><td>4.50</td><td>2.50</td><td>2.00</td></tr>
<tr><td>NCB-II</td><td>332.09</td><td>2014-15</td><td>Under Award of concession</td><td>6.93</td><td>5.00</td><td>--</td></tr>
<tr><td>NCB-III</td><td>419.82</td><td>2015-16</td><td>Under Litigation</td><td>9.15</td><td>--</td><td>2.50</td></tr>
<tr><td>NCB-IV</td><td>354.32</td><td>2015-16</td><td>Under Award of concession</td><td>915</td><td>--</td><td>2.50</td></tr>
<tr><td>Conversion of VIII Berth as container terminal</td><td>294.85</td><td>2014-15</td><td>Under Construction</td><td>5.20</td><td>1.20</td><td>1.03</td></tr>
<tr><td>Shallow berth cement</td><td>84.09</td><td>2015-16</td><td>Under Award of concession</td><td>2.67</td><td>--</td><td>0.80</td></tr>
<tr><td>Shallow berth constn. Material</td><td>63.51</td><td>2015-16</td><td>Under Litigation</td><td>2.01</td><td>--</td><td>0.40</td></tr>
<tr><td>Dredging before PPP Berths</td><td>1,234.79</td><td>2015-16</td><td>Under process in Ministry</td><td colspan="3">In built in the respective PPP projects</td></tr>
</table>
Confirmed.

Confirmed.</td></tr>
<tr><td></td><td>(d). (i). The Authority has fixed upfront tariff for VOCPT for various PPP Projects viz. North Cargo Berth-II, III, IV Shallow Draught Berth, VIIIth Berth, etc. On preliminary scrutiny of Form 4B, it appears that the following additions proposed to the gross</td><td>The revised positions is furnished as detailed below:
<table>
<tr><td>2013-14:</td><td>(₹ in crores)</td></tr>
</table></td></tr>
</table>

<table>
<tr>
<td></td>
<td>block are with reference to the new PPP projects coming up in the VOCPT.

<table>
<tr><td colspan="4">2012-13:</td></tr>
<tr><td>(a).</td><td>Dredging the dock basin and channel to cater 12.80m draught vessel</td><td>-</td><td>20 crores</td></tr>
<tr><td colspan="4">2014-15:</td></tr>
<tr><td>(a).</td><td>Dredging in front of NCB-II</td><td>-</td><td>209 crores</td></tr>
<tr><td colspan="4">2015-16:</td></tr>
<tr><td>(a).</td><td>Dredging in front of NCB-III, IV, Shallow Water I & II</td><td>-</td><td>711 crores</td></tr>
</table>

Since the proposed investments seem to be cater to the new PPP projects, please justify why the other users who may not be availing the benefit of proposed investments should bear the financial burden of increased tariff.</td>
<td><table>
<tr><td>(a).</td><td>Dredging the dock basin and channel to cater 12.80m draught vessel</td><td colspan="2">18.63</td></tr>
<tr><td colspan="4">2013-14 & 2014-15</td></tr>
<tr><td rowspan="2">(a).</td><td rowspan="2">Dredging in front of NCB-II & SWB berths</td><td>2013-14</td><td>2014-15</td></tr>
<tr><td>382.79</td><td>81.18</td></tr>
<tr><td colspan="4">2014-15 & 2015-16</td></tr>
<tr><td rowspan="2">(a).</td><td rowspan="2">Dredging in front of NCB-III, IV, & Others</td><td>2014-15</td><td>2015-16</td></tr>
<tr><td>300.00</td><td>552.00</td></tr>
</table>

As the said berths are common user facility and not captive berths and involve interchangeability between berths, the cost is proposed to be absorbed from all vessels calling at the berth considering the principle “What the trade can bear”.</td>
</tr>
<tr>
<td></td>
<td>(ii). Please indicate the present status of the projects and also clarify the vessels/ berths likely to be benefited by the increased draft.

If the proposed investments is to provide increased draft to a particular size of vessels calling at specified berths, then port may justify the reasons why other vessel who may not benefit from the increased draft should bear the financial burden by way in increase in tariff.</td>
<td>Present status of the projects are as noted below:
NCB II: Awarded. Expected to be commissioned 2014-15
NCB IV: Awarded. Expected to be commissioned 2015-16.
SWB (Con): Litigation. Expected to be commissioned 2015-16
SEB (Cement): Expected to be commissioned 2015-16.

Same as in 11(d) ii.</td>
</tr>
<tr>
<td></td>
<td>(iii). Confirm if the work has been awarded, if so, furnish the details with documentary support. The period of completion of the proposed dredging project may also be indicated.</td>
<td>Details already furnished.</td>
</tr>
<tr>
<td></td>
<td>(iv). Kindly confirm that the additions proposed to the gross block of assets are in accordance with the planned expenditure stated in BE/RE 2013-14 and sanction of the Government, wherever necessary, is obtained in this regard. Indicate the sanction amount of capital expenditure, the financing pattern, the government grant, if any, alongwith the year-wise plans of the capital expenditure. Furnish a copy of the said sanction report.</td>
<td>Yes.

List of Capital employed (additions) for the years 2013-14 to 2015-16 is furnished. It is confirmed that except Capital Dredging Project, and Procurement of High powered tug, all other schemes proposed are within the delegated powers of the Board of Trustees of our Port. Regarding Capital Dredging to 12.8 mr (Phase I, II, III), the sanction for Phase I has been sought from Ministry of Shipping and is awaited. The other projects for which Government approval is required, the same will be obtained in due course coinciding with the execution of the project.</td>
</tr>
<tr>
<td></td>
<td>(v). The VOCPT in para 2(vi) has stated that of ₹920 crores estimated for capital dredging, ₹234.87 crores is expected to be released by way of grant by the Government. In this regard the port may furnish copy of the communication from the Government in this regard.</td>
<td>The PIB Memorandum has been submitted to Government of India. The same is under consideration of the Ministry. On receipt of clearance from PIB, the same shall be communicated.</td>
</tr>
<tr>
<td></td>
<td>(vi). The port has stated that the capital employed considered in the cost statement is excluding the grant receivable from the Government. However, Form 4A or Form 3A do not show any such</td>
<td>This is complied with in revised submissions.</td>
</tr>
</table>

<table>
<tr><td></td><td>adjustment in capital employed for the purpose of claiming ROCE.</td><td></td></tr>
<tr><td></td><td>(vii). Clause 2.8.3 of the tariff guidelines require the major ports to utilise the funds available in the escrow account (which is created from the receipt of revenue share from private operator) for the purpose of creation/ modernisation of port infrastructure facilities within the stipulated time period. In this context, port may explain why the proposed expenditure on capital dredging cannot be funded from the balance available in the Escrow account in accordance with the provision prescribed in the tariff guidelines.</td><td>The Escrow Fund is since utilised with respect to availability of surplus in the revised submissions.</td></tr>
<tr><td></td><td>(viii). The proposed additions to Gross block of ₹711 crores for Dredging in the year 2015-16 includes the dredging in front of shallow water berths both I & II. It is understood from the VOCPT letter No.FIN-OFCJ-PRJ-PPP P-IV-13 dated 28 May 2013 that there is some pending litigation with reference to shallow water berth relating to construction material PPP project. The port has also not projected any traffic from PPP project relating to shallow water berth (construction material). Given the above position, the port is requested to confirm whether the investment proposed for capital dredging in front of SDW relating to construction material project will be commenced and be completed in this tariff cycle. Please furnish breakup of the dredging cost proposed for this berth of the total proposed investment of ₹711 crores during the year 2015-16. The port is also requested to confirm whether the dredging expenditure estimated for NCB- III berth will materialise in this tariff cycle in view of pending court case indicated by the port.</td><td>The revised phasing of the capital dredging cost for NCB II, III, IV, SWB (Con.) and SWB (Cement) is furnished below:-
<table>
<tr><td colspan="3">2013-14 & 2014-15:</td></tr>
<tr><td>(a).</td><td>Dredging in front of NCB-II & SWB berths</td><td>₹382.79 crores 2013-14
₹81.18 crores 2014-15</td></tr>
<tr><td colspan="3">2015-16:</td></tr>
<tr><td>(a).</td><td>Dredging in front of NCB-III, IV, & Others</td><td>₹300 crores 2014-15
₹552 crores 2015-16</td></tr>
</table>
It is confirmed that all the projects will be completed during the tariff cycle upto 31.3.2016.</td></tr>
<tr><td></td><td>(ix). Additions proposed to the gross block in Form 4B show that the port proposes to incur ₹209 crores in the year 2014-15 towards dredging in the front of NCB-II and ₹711.00 crores towards dredging in front of NCB-III, IV shallow draft berths I and II. Para 2(vi) of the proposal of VOCPT states that of ₹920 crores capital dredging cost, ₹234.87 crores is expected to be released by the Government. The port may furnish copy of communication from the Government in this regard.</td><td>The PIB Memorandum has been submitted to Government of India based on the revised capital dredging cost for Phase-I (NCB-II, SWB Cement, SWB Construction materials). The same is under consideration of the Ministry. On receipt of the clearance of PIB, the same will be communicated.</td></tr>
<tr><td></td><td>(e). (i). During the last tariff revision, as per Para 17(ix)(e) of the Order, the VOCPT had intimated that out of project cost of ₹538 crores relating to dredging the channel and dock basin to 12.80 mtrs., 35% of the project cost i.e. ₹188.30 crores will be sanctioned by Government as Grant and balance ₹349.70 crores was proposed to be met from internal resources and partly from the Escrow Account. In the cost statement prepared by us of ₹349.70 crores, ₹44.50 crores was considered in the year 2010-11 and balance ₹305.20 crores was considered in the year 2011-12 based on the position reported by VOCPT. In case the actual position with reference to this item varies from the estimates considered for the year 2011-12 [as given in para 17(xvi)(a) to (e) of our Order], then please furnish the details and also explain the treatment given in the cost statement.</td><td>The Grant from Government of India has been received as follows: January 2013 - ₹100.13 crores March 2013 - ₹24.50 crores and July 2013 - ₹40.50 crores. The same is considered as reduction in Capital Dredging Expenditure capitalised in 2011-12 (₹124.63 crores) & 2012-13 (₹40.50 crores) and depreciation considered for the reduced value.</td></tr>
<tr><td></td><td>(ii). The VOCPT in its proposal dated 28 February</td><td>The revised cost estimates of ₹471.00 crores</td></tr>
</table>

	2013, in para(v) has stated that Grant identified for the capital dredging project relating to 12.80 mtrs. draft is ₹165.13 crores. The grant indicated by the VOCPT in the current proposal differs from the position reported by VOCPT in the last tariff Order which was supported by letter from Ministry of Shipping No.PD-11015/3/2004-TPT dated 20 June 2008 sanctioning ₹188.30 crores (35% of project cost - ₹538 crores). Please clarify the position.	with a grant component of ₹165.13 crores is sanctioned by the Government vide Ministry's letter no.PD-11015/3/2004-TPT dated 27.12.2012, (₹100.13 crores; sanction order No.PD-11015/3/2004-vocpt dated 19.3.2013 ₹24.50 crores & 11015/3/2004-vocpt dated 27.5.2013 ₹24.50 crores) totaling ₹165.13 crores. Hence this is in order.
	(iii). The VOCPT in its proposal has stated that out of ₹165.13 crores granted by the Government by way of grant in aid, ₹100 crores is considered as Grant in the year 2012-13 and balance ₹65.13 crores is considered as reduction in capital expenditure during the year 2013-14. Please confirm receipt of grant in aid during the year 2012-13 and also explain the adjustments done in the cost statements / Annual Accounts.	The Grant from Government of India has been received as follows: January 2013 - ₹100.13 crores March 2013 - ₹24.50 crores and July 2013 - ₹40.50 crores. The same is considered as reduction in Capital Dredging Expenditure capitalised in 2011-12 (₹124.63 crores) & 2012-13 (₹40.50 crores) and depreciation considered for the reduced value.
	(f). Please confirm that the entire proposed expenditure in each of the years will be capitalized 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.	Confirmed.
	(g). Sl. No.VII(c) in Form-9 shows investment made from the Escrow Account for creation/ modification of port infrastructure for the years 2010-11 to 2015-16. However, Sl. No.VI of Form 4A indicates the investment out of Escrow Account as NIL for all these years. The details in S. No.VI in Form 4A may be modified to reflect the correct position. Consequent modifications may also be done in the capital employed for computation of return in the sub-activity-wise, activity-wise cost statements and consolidated cost statement.	Revised statement of utilisation of Escrow Fund is shown in Form-9 towards the Capital Dredging Project to 12.8 mr before the berth faces of NCB II, III, IV, SWB (Con), SWB (cement).
(ii).	<u>Working Capital</u>: Clause 2.9.9 of the tariff guidelines, stipulate norms for estimating current assets. As per the guidelines, Sundry Debtors is to be estimated at 2 months estate revenue and 2 months railway terminal charges and cash balance at one month's cash expenses. The estimate of sundry debtors and cash balance considered by VOCPT for arriving at current assets in Form 4A do not comply with the tariff guidelines. The VOCPT is requested to modify the estimates in line with the Clause 2.9.9 of the tariff guidelines.	The estimates of Sundry Debtors and Cash balance is with reference to TAMP guidelines. There is no railway terminal charges applicable in our Port. Regarding the Estate Debtors, the items of disputed earnings and under litigation were accounted as income in the respective years but not yet recovered is considered in full since the recovery is pending for more than ten years. This may therefore please be admitted considering the nature of the long pending disputed incomes.
(12).	**Statement relating to special rate for Dredging:** Para 17(xxii)(e) of the last tariff Order dated 11 October 2011 gives summary of cost position relating to the capital dredging activity, attached as Annex-II of the said Order. As per the said Order, the deficit of ₹2889.89 lakhs assessed for the period 2004-05 (after 19.05.2005) till 2010-11 based on actuals and deficit in dredging activity estimated for the year 2011-12 and 2012-13 at ₹3689.42 lakhs aggregating ₹6579.32 lakhs was to be adjusted against the revenue surplus of ₹4543.55 lakhs estimated for the years 2011-12 and 2012-13 and actual surplus of ₹378.87 lakhs assessed in the estate activity for the years 2008-09 and 2009-10.	Revised statement relating to dredging activity incorporating Actuals 2012-13 is furnished.

	As per the last tariff Order, the balance deficit of ₹1656.90 lakhs in the dredging activity as on 31 March 2013 was to be met from modifications approved and revision in the estate rentals. It is seen that the Port has only considered the estimated surplus of ₹378.87 lakhs for adjustment in cost statement (Statement-B) relating to the dredging activity. In this regard the Port is requested to consider the following adjustments in line with the approach followed in the last tariff Order:	
(i).	For the year 2011-12, in view of our query at Sl. No.(5), the net surplus for the year 2011-12 without adjustment of deficit in the railway activity must be considered to meet the deficit in dredging activity in line with approach followed in the last tariff Order.	In view of the reply of the Port vide sl.no.5(iii) that the Railway activity is not an exclusive activity but incidental one to cargo handling activity, it is appropriate that the deficit is absorbed by the said activity till Ministry of Railways sanctions a viable rate/ traffic is sufficient enough to absorb the deficit arising out of low rate.
(ii).	The actual surplus/ deficit may be assessed for the year 2012-13 following the approach in the last tariff Order. The net surplus so assessed is to be adjusted to meet the dredging deficit in line with the approach followed in the last tariff Order by only updating the estimates with actuals.	In view of the reply for 12(i) above, it is appropriate that the deficit is absorbed by the said activity till Ministry of Railways sanctions a viable rate for the traffic handled and the same is sufficient enough to absorb the deficit arising out of low rate.
(iii).	As per Note (1) of schedule 2.5 of the Scale of Rates approved in the last tariff Order, the Special rate for dredging was to automatically cease to be in operation with effect from 1 April 2013. However, at the request of VOCPT to grant extension of validity of its SOR, the Special rate for capital dredging was also extended beyond 1 April 2013 till 30 September 2013 or until the revised SOR come into effect vide our Order No.TAMP/9/2010-TPT dated 9 May 2013. In the said Order, it was stated that the additional surplus accrued beyond 1 April 2013 will be fully adjusted in the future tariff. In this context, the actual revenue accrued to VOCPT from levy of special rate and the additional surplus earned in this activity for the extended period i.e. beyond 1 April 2013 may be furnished.	In as much as the Capital Dredging Activity is still in deficit even after the completion of the current tariff cycle in March 2016-17 and even after the actual for 2012-13 is considered. It is appropriate that the Capital dredging levy is continued without making any adjustment for the so called surplus after 1.4.2013.
(iv).	Please furnish revised statement of dredging accounts in the light of the above observations showing year-wise inflow as well as outflow for the years 2011-12 and 2012-13 (draft/ provisional) and adjustments of surplus to meet the deficit in the dredging activity not done by the VOCPT in its cost statement.	Revised statement with the actual 2012-13 is furnished. For reasons mentioned at (i) to (iii) of 12, the adjustments sought does not arise.
(v).	In the last tariff Order, as per para 17(xxii)(c), the VOCPT was required to submit the entire analysis of the inflow/outflow of the dredging activity at the time of next tariff revision from the period when the IDBI loan was taken. VOCPT has not furnished the requisite information. The VOCPT is requested to furnish requisite analysis of dredging activity.	Furnished in Statement-C. [Statement C stated to have been furnished contain the dredging activity from the years 2011-12 to 2015-16 and not from the period when the IDBI loan was taken in the year 2005]
(13).	**Accumulation/withdrawals from Escrow Account (Form-9):**	
(i).	Royalty/ Revenue share receipts furnished at Sl. No.I(iii) of Form-9 from various Other PPP projects for the years 2014-15 and 2015-16 may be supported by detailed working of estimated traffic, estimated gross revenue and estimated % revenue share for each of the projects. The basis of estimation of traffic for each	Detailed working of royalty/ revenue share estimation is furnished.

<table>
<tr><td></td><td>of the PPP project, for estimating of revenue share may be explained.</td><td></td></tr>
<tr><td>(ii).</td><td>As per Appendix 12 of the License Agreement with M/s.PSA SICAL, the royalty per TEU shall increase every year. However, the VOCPT has considered a uniform rate of royalty from M/s.PSA SICAL at ₹1969 per TEU w.e.f. 19 July 2011 till the year 2015-16 in view of stay order from Court. Please furnish a copy of the relevant Court Order in this regard and indicate the present status of the said court case.</td><td>The copy of Court Order making the stay absolute is furnished. M/s.PSA SICAL Terminals Ltd. has been permitted to raise the dispute under the Arbitration and Conciliation Act and the matter is under the consideration of the Arbitral Tribunal constituted for the purpose.
[Copy of the Court Order stated to have been furnished is not furnished.]</td></tr>
<tr><td>(iii).</td><td>The port has proposed to deploy ₹5520 lakhs and ₹7450 lakhs from Escrow Account during the years 2014-15 and 2015-16 respectively to meet the capex. Please furnish the break up of these figure along with the details of projects proposed to be funded from Escrow Account.</td><td rowspan="2">The revised statement showing the total amount of Royalty/ Revenue share receivable (year-wise) and utilisation of the Escrow Fund for the future dredging project is furnished. A summary of utilisation of Escrow Fund to meet the dredging project is given below:
<table>
<tr><th colspan="4">Details of amount met from Escrow Fund (Year-wise)</th></tr>
<tr><th>Sl. No.</th><th>Year</th><th>Name of Project</th><th>Amount (₹ in lakhs)</th></tr>
<tr><td>1.</td><td>2011-12</td><td>Dredging the Dock basin and Channel to cater 12.80m draught vessel</td><td>17,061</td></tr>
<tr><td>2.</td><td>2012-13</td><td>-do-</td><td>5,055</td></tr>
<tr><td>3.</td><td>2013-14</td><td>Dredging in front of NCB-II & Shallow draught berth 2 nos.</td><td>5,055</td></tr>
<tr><td>4.</td><td>2014-15</td><td>-do-</td><td>8,385</td></tr>
<tr><td>5.</td><td>2015-16</td><td>Dredging in front of NCB-III, IV and others</td><td>10,137</td></tr>
<tr><td></td><td></td><td>Total</td><td>45,693</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>The port is also requested to the furnish year-wise details of the actual inflows and outflows regarding the royalty receipts and investment from the Escrow Account for the years 2011-12 to 2012-13 actuals and estimated position for the years 2013-14 to 2015-16. For this purpose the port may adopt the table given at para 17(ix)(f) in the last Order dated 11 October 2011.</td></tr>
<tr><td>(14).</td><td>Cargo Handling Division (CHD):</td><td></td></tr>
<tr><td>(i).</td><td>(a). Notes to accounts for the Financial Year 2011-12 forming part of the Administration Report states that the accounts of TPT Cargo Handling Labour Pool (TPTCHLP) has been merged as Cargo Handling Division (CHD) of V.O. Chidambaranar Port Trust with effect from 1 August 2011. So for the period from 1 August 2011, the financial position of CHD is included in the Annual Accounts of the VOCPT. The port is, however, requested to forward the Audited Account of TPTCHLP for the period from 1 April 2011 to 31 July 2011.</td><td>The audited accounts of the CHD for the period from 1st April 2011 to 31st July 2011 is furnished.</td></tr>
<tr><td></td><td>(b). For the year 2011-12, two set of figures are shown in Statement-II. Please confirm the correct position relating to the year 2011-12 which is duly reconciled with the Audited Accounts of TPTCHLP (from 1.4.2011 to 31.7.2011) and Accounts of Cargo Handling Division from 1.8.2011 to 31.3.2012 after the merger with VOCPT.</td><td>The figures furnished in the revised calculations are in conformity with the approved Accounts in respect of CHD for the period from 1.4.2011 to 31.7.2011 and 1.8.2011 to 31.3.2012.</td></tr>
<tr><td>(ii).</td><td>Since the year 2012-13 is already over, the VOCPT is requested to update the cost statement relating to Cargo Handling Division with reference to the actuals for the year 2012-13 based on the draft/ provisional accounts. A copy of draft/ provisional accounts relied upon by the VOCPT to propose the (updated) cost statement may also be forwarded. The VOCPT may, if necessary, consider to review and revise the estimates for the years 2013-14 to 2015-16 based on 2012-13 actuals.</td><td>Complied with. The Accounts of CHD is furnished in Juxta position alongwith the Port in the Annual Accounts 2012-13 with related schedules pertaining to CHD.</td></tr>
<tr><td>(iii).</td><td>In the last tariff Order, the Authority had considered</td><td>Considering the continued deficit of ₹1607.82</td></tr>
</table>

<table>
<tr><td></td><td>estimates for the years 2011-12 and 2012-13 to determine the rates for deployment of labour from Cargo Handling Labour Division (CHLD). Clause 2.13. of the tariff guidelines requires comparison of actual physical and financial parameters with the estimates at the time of review of rates. In this context, furnish the actuals vis-à-vis the estimates considered in the last tariff Order for the years 2011-12 to 2012-13 giving reasons for variation from the estimated level.</td><td>Lakhs as on 31.3.2013, the question of comparison of actual physical and financial figures does not arise in the case of CHD. It is pointed out that with respect to the 2011 TAMP order, there is an increase of 46.76% in actual (₹1,243.77 lakhs as against ₹847.46 lakhs)</td></tr>
<tr><td>(iv).</td><td>In the last tariff Order, the actuals considered for the year 2010-11 was based on unaudited account. As per para 12(iii)(b) of the last tariff Order, (unaudited) actuals considered for the year 2010-11 is to be verified with the audited figures. The VOCPT is, therefore, requested to furnish Audited Account of TPTCHLP for the year 2010-11.</td><td>Audited Accounts of CHD for 2010-11 is furnished.</td></tr>
<tr><td>(v).</td><td>Please furnish a statement reconciling the income, operating expenditure, FMI and FME reported in the Annual Accounts of CHD for the years 2010-11, 2011-12 and 2012-13 (provisional/ draft accounts). Similarly, the estimates for the year 2013-14 may also be reconciled with Budget Estimate 2013-14 if they are relied for the purpose of estimates.</td><td>(₹ in crores)
<table>
<tr><th>Sl. No.</th><th>Year</th><th>2010-11</th><th>2011-12</th><th>2012-13</th><th>2013-14 B.E.</th></tr>
<tr><td>1</td><td>Op.Inc</td><td>64.48</td><td>72.02</td><td>54.31</td><td>68.22</td></tr>
<tr><td>2</td><td>Op.Exp</td><td>57.33</td><td>51.66</td><td>57.54</td><td>61.64</td></tr>
<tr><td>3</td><td>FMI</td><td>0.46</td><td>0.59</td><td>0.68</td><td>0.25</td></tr>
<tr><td>4</td><td>FME</td><td>8.08</td><td>20.00</td><td>13.53</td><td>14.00</td></tr>
<tr><td>5</td><td>Deficit</td><td>(-) 0.47</td><td>0.96</td><td>(-)16.08</td><td>(-)7.17</td></tr>
</table>
[The above table furnished by VOCPT is gist of income and expense and surplus/ deficit as per Annual Accounts for CHD for respective years and B.E. of 2013-14. It is not a reconciliation statement.]</td></tr>
<tr><td>(vi).</td><td>During the last revision of levy for deployment of labour from TPTCHLP, the Authority in para 12(ii) had advised VOCPT to frontally address the issue of notional booking of gangs in respect of handling Thermal Coal at Coal Jetty and in case of mechanised handling of cargo in VOC I to IV berths and eliminate notional booking of gangs before the next tariff revision. The VOCPT is requested to confirm that this issue is frontally addressed by the port in the current proposal.</td><td>The manning scale of CHD is modified in line with the Tribunal Award with effect from May 2012. Hence, the issue of notional gangs does not arise.</td></tr>
<tr><td>(vii).</td><td>During the last tariff revision when the port was requested to confirm whether the revised manning scales as per the National Tribunal Award is implemented with reference to the deployment of labour from TPTCHLP, the VOCPT had assured that the revised manning scales will be implemented when merger of TPTCHLP with the port after consultation with labour union. As agreed, the port was advised to capture the effect of the revised manning scale and datum during the next review/ revision. The VOCPT is, therefore, requested to confirm whether the revised manning scale as per the National Tribunal Award is implemented in the CHD and the current proposal takes into consideration the effect of revised manning scale. Apart from that the VOCPT is requested to furnish the following:</td><td>The manning scale of CHD is modified in line with the Tribunal Award with effect from May 2012. Also, the estimates take into consideration the effect of the revised manning scale as aforesaid in the actuals 2012-13 and estimates for 2013-14 to 2015-16.</td></tr>
<tr><td></td><td>(a). A statement showing a comparative position of the manning scale for various commodities handled by CHD prior to and after implementation of the revised Manning scale.</td><td>Furnished.</td></tr>
</table>

<table>
<tr><td></td><td>(b). Please indicate the average days of employment of the cargo handling workers from VOCPT-CHD prior to implementation of National Tribunal Award and post implementation of the award.</td><td>Average days of employment : 19 Days before award

Average days of employment : 8 Days after award

Statement furnished.</td></tr>
<tr><td></td><td>(c). Please confirm there is no notional booking of labour from the VOCPT-CHD.</td><td>The manning scale of CHD is modified in line with the Tribunal Award with effect from May 2012. Hence, the issue of notional gangs does not arise.</td></tr>
<tr><td>(viii).</td><td>Confirm whether the estimates for the years 2013-14 to 2015-16 with reference to piece rate payments takes into consideration the revised datum.</td><td>Yes.</td></tr>
<tr><td>(ix).</td><td>In the last revision of rates for TPTCHLP, the port agreed to propose sliding rates linked with productivity (as in Mormugao Port Trust) while reviewing the levy during the next tariff cycle. The proposal of VOCPT, however, is not found to be in line with the position agreed by it in the last tariff Order. The VOCPT is requested to adhere to the suggestion rendered in the earlier Order.</td><td>Considering the nature of operations of cargo handling by CHD, in respect of Coal at Coal Jetty II, Salt and other bulk and break-bulk cargoes and also huge deficit, it is submitted that the Port will not be in a position to propose cargo related charges on a sliding scale.</td></tr>
<tr><td>(x).</td><td>Traffic:</td><td></td></tr>
<tr><td></td><td>(a). The traffic projections for Coal at Coal Jetty II, Salt and other cargo show increase of 5% in the years 2013-14 to 2015-16 over the estimates of previous years. Furnish the basis of projecting 5% increase in the traffic projection.</td><td>As per assumptions adopted in Port’s calculations.</td></tr>
<tr><td></td><td>(b). Confirm that the traffic projected is in line with the growth in traffic projected in the general revision of its Scale of Rates for cargo likely to avail services of labour deployment from CHD.</td><td>Yes.</td></tr>
<tr><td>(xi).</td><td>Operating income:</td><td></td></tr>
<tr><td></td><td>(a). The income from recovery of wages for deployment of workers from TPTCHLP and levy income are clubbed together in the Annual Accounts. Please furnish break up of these two items for the years 2010-11 to 2012-13 actuals and estimates for the years 2013-14 to 2015-16.</td><td>(₹ in crores)
<table>
<tr><th>Sl. No.</th><th>Description</th><th>2010-11</th><th>2011-12</th><th>2012-13</th><th>2013-14</th></tr>
<tr><td>1.</td><td>Wages</td><td>26.42</td><td>28.69</td><td>20.37</td><td>29.42</td></tr>
<tr><td>2.</td><td>Levy</td><td>30.43</td><td>32.80</td><td>21.38</td><td>24.80</td></tr>
<tr><td>3.</td><td>Pension Fund levy</td><td>7.62</td><td>10.53</td><td>12.57</td><td>14.00</td></tr>
</table>
<table>
<tr><th>Sl. No.</th><th>Description</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>1.</td><td>Wages</td><td>15.57</td><td>17.13</td></tr>
<tr><td>2.</td><td>Levy</td><td>25.72</td><td>28.29</td></tr>
<tr><td>3.</td><td>Pension Fund levy</td><td>14.66</td><td>16.12</td></tr>
</table></td></tr>
<tr><td></td><td>(b). Confirm that the estimate of levy is based on the existing rates. The estimation of levy income may be indicated for each cargo category prescribed in the SOR.</td><td>Yes.</td></tr>
<tr><td></td><td>(c). Please furnish the detailed calculations of revenue from time rate, piece rate and levy.</td><td>Requisite details of time rate and piece rate are furnished. Levy is calculated =Tonnage handled X levy rate per tonne as per TAMP Order.</td></tr>
<tr><td>(xii).</td><td>Operating Expense:</td><td></td></tr>
<tr><td></td><td>(a). Please furnish actual strength of VOCPT-CHD in 2012-13 and estimated strength for the years 2013-14 to 2015-16.</td><td><table>
<tr><th>Description</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>Staff strength</td><td>898</td><td>832</td><td>791</td><td>728</td></tr>
</table></td></tr>
<tr><td></td><td>(b). Sl. No.VI of Statement II – Total Expenditure to be met from levy furnished by VOCPT include wage revision arrears for each of the years from 2007-08 to 2015-16. In this regard, the following points may be clarified:</td><td></td></tr>
</table>

	(i). For the period 2007-08 to 2012-13, please confirm that the actual payment to employees and employee related expense do not include the impact of wage revision.	(i). Actual payment of employees for the period from 2007-08 to 2010-11, the salary includes the impact of revision of salaries with effect from 1.1.2007. Provision for revision of salaries and wages effective from 1.1.2012 is provided at 15% of Basic Pay plus Dearness Allowance.
	(ii). Furnish the reasons and basis for estimating wage revision arrears for the years 2013-14 to 2015-16 at ₹547.42 lakhs, 580.27 lakhs and 615.09 lakhs respectively.	(ii). Provision for revision of salaries and wages effective from 1.1.2012 is provided at 15% of Basic Pay plus Dearness Allowance.
	(iii). Please confirm that the estimates of expenditure for the years 2013-14 to 2015-16 do not include one time expense such as arrears for the past period, VRS payments, etc. which is not admissible as cost item as per clause 2.5.2 of the tariff guidelines and the format prescribed by the Authority for filing the proposal.	(iii). Clause 2.5.2 of the 2005 Tariff Guidelines is confirmed.
	(iv). The payment to employees is estimated to escalate by 9.78%, 6%, and 6% for the years 2013-14 to 2015-16 over the estimates of respective previous years. Likewise, the administrative expense is also estimated to be increased by 9%, 6%, and 6% for the corresponding period. The annual escalation applied by VOCPT in the year 2013-14 is found to be higher than 7% annual escalation allowed in the tariff cases to be decided in the year 2013-14 as stated in para 6(i) of our queries above. The VOCPT is, therefore, requested to modify the estimates in line with the stated level of annual escalation allowable for this period.	(iv). This is since adopted in the revised calculations furnished.
	(v). The cost statement shows adjustment of ₹42.20 lakhs in each of the years 2012-13 to 2015-16 claimed to be recovered as part of expenditure towards deficit payment to ESI for the year 2011-12. Explain the reasons for claiming deficit for the past period (2011-12) to be built up in future tariff. In this regard, it is brought out that clause 2.5.2 stipulates that one time expenses such as arrears of wages/ pension, VRS compensation, contributions to Pension Fund for past liability, etc. will not be allowed as admissible cost while determining the tariff.	(v). This represents the liability arising out of the order of Employees State Insurance Corporation of India with respect to a claim raised prior to the formation of TPTCHLP in 2000. This was not provided in the earlier years. Hence, the allowance is sought for by spreading over five years. This may be admitted considering the nature of expenses and liability pertaining to the formation of TPTCHLP (now CHD).
(xiii).	Finance and Miscellaneous Expenses(FME):	
	(a). Justify the reasons for estimating 8% increase in the FME expenditure for the year 2013-14 over the actuals/ estimates of the respective previous year as against 7% annual escalation allowable for tariff fixation as indicated by the Authority vide its letter No.TAMP/27/2005-Misc dated 27 June 2013.	Due to increase in Number of Pensioners and in Pension payments, the increase is estimated at 8%.
	(b). From the breakup of FME available in RE 2012-13 and BE 2013-14, it is understood that the port has considered commuted pension, pension payments, gratuity payments as well as contribution to pension/ gratuity fund. The Authority has already during the last tariff revision brought out that pension payment of existing pensioners has to be met from the	Pension Payments are excluded from the Cost Statement to arrive at the percentage of deficit. Hence no modification is required.

<table>
<tr><td></td><td>Pension Fund. The VOCPT is, therefore, advised to modify the cost statement in line with the decision taken in the last tariff Order for the years 2010-11, 2011-12 and 2012-13 as well as estimates furnished for the years 2013-14 to 2015-16.</td><td></td></tr>
<tr><td>(xiv).</td><td>Return on Capital Employed:
Furnish the detailed working of capital employed i.e. fixed assets and working capital considered by the VOCPT for estimating ROCE. Please furnish detailed working of computation of ROCE.</td><td>Since CHD is labour oriented Division, capital employed consists of Computers and other accessories for office. The details of assets are furnished in Annual Accounts 2012-13 (Schedule-3).</td></tr>
<tr><td>(xv).</td><td>During the last revision of rates for CHD, the Authority in para 12(xiii)(c) of the Order dated 11 October 2011 had advised VOCPT to derive the rate for C&F operations at Transit Sheds and warehouse, and for Zone B at ₹10 per metric tonne and the levy for container stuffing and destuffing at 200% of the time rate wages on a scientific manner allocating the income, expenses for manpower deployment for these services while filing the proposal for next review of its levy. The VOCPT has, however, not adhered to the Authority's advice and continued to propose the existing levy for these items. In this regard, the following may be furnished/ clarified:</td><td>With the change in the method of levy as per MT for Cargoes other than Coal at Coal Jetty II and Salt, Coal at Coal Jetty II and Salt and removing the recovery of the worked wages for all, the proposal may be accepted.</td></tr>
<tr><td></td><td>(a). The VOCPT is requested to furnish a statement indicating apportionment of the expenses estimated for CHLD to coal at Coal Jetty II, salt and cargo other than coal and also for container stuffing / destuffing operations, C&F operations and for Zone 'B' for arriving at the levy on per tonne basis. Alternatively, the income likely to be received from these cargo items may be excluded from the total expenditure to be recovered and the balance may be considered for recovery from coal at coal jetty II, salt and other cargo (main pool).</td><td>As the instances of container stuffing/destuffing, C&F operations at Zone-B are very meagre, the impact is very much negligible and could not be predicted. Hence, this may please be accepted.</td></tr>
<tr><td></td><td>(b). The income from levy for these three items may please be furnished for the last three years as well as projections for the years 2013-14 to 2015-16 at the existing/ proposed rates.</td><td>(₹ in crores)
<table>
<tr><th>Sl</th><th>Item</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>1</td><td>Coal jetty-II</td><td>3.13</td><td>3.66</td><td>4.02</td></tr>
<tr><td>2</td><td>Salt</td><td>0.21</td><td>0.14</td><td>0.16</td></tr>
<tr><td>3</td><td>Gl. Cargo</td><td>21.46</td><td>21.92</td><td>24.11</td></tr>
</table>
[The reply of VOCPT does not clarify whether the income estimates furnished in the above table is at the existing rates or proposed rates.]</td></tr>
<tr><td></td><td>(c). Explain the possibility of arriving at the container stuffing/ destuffing on per box basis instead of the existing unit of levy as percentage of time rate wages.</td><td>Since proposed.
[In the revised proposed Scale of Rates, the CHD rate for container stuffing/ destuffing is proposed as applicable for all cargo other than coal and salt which is ₹61.30 on per tonne basis.]</td></tr>
<tr><td>(xvi).</td><td>It is seen that the average expenditure of ₹5411.79 lakhs considered in Statement-F to derive the proposed rate of levy is based on the average expenditure estimated for the years 2012-13 to 2015-16. Since the year 2012-13 is already over, the estimates for the years 2013-14 to 2015-16 may be considered. The statements may be modified accordingly.</td><td>Complied with.</td></tr>
<tr><td>(xvii).</td><td>Pension Levy for CHD:</td><td></td></tr>
<tr><td></td><td>(a). During the last revision, in para 12(xiv)(c) of the Order dated 11 October 2011 the Authority had advised the VOCPT to file audited Pension and</td><td>Audited Pension Fund of CHD for the years 2010-11, 2011-12 and 2012-13 is furnished.</td></tr>
</table>

	Gratuity Fund position at the end of the tariff cycle along with the actuarial valuation for the CHLD. The port was also advised to maintain a separate account with reference to pension fund levy and furnish the audited account of pension fund for the year 2010-11 onwards for scrutiny at the time of the next tariff review. The port has, however, not submitted the audited pension fund for the years 2010-11, 2011-12 and 2012-13 (draft/ provisional) for the CHLD. The VOCPT is advised to furnish the requisite documents.	
	(b). The Pension and Gratuity Fund levy proposed by VOCPT for CHD is based on actuarial valuation as on 31 March 2012. The VOCPT may consider to update the statement based on actuarial valuation as on 31 March 2013. A copy of the actuarial valuation report may please be furnished.	Since updated and copy of Actuarial Valuation Report as on 31.3.2013 is furnished for both VOCPT and CHD.
	(c). The balance in the pension fund and gratuity fund as on 31 March 2013 may be indicated. Also, clarify where the said fund balance is reported in the respective Annual Accounts.	The balance in the Pension fund (CHD) was ₹80.83 crores and Gratuity Fund was ₹20.00 crores as on 31.3.2013.
	(d). The statement showing the calculation for pension fund levy shows recovery of pension fund shortfall of ₹2367.32 lakhs per annum over traffic of 150.05 lakh tonnes per annum to arrive at proposed pension fund levy 15.78 per tonne. In this regard, the following points may be clarified:	
	(i). Based on the traffic projected for the years 2013-14 to 2015-16 for Coal at Coal Jetty II, Salt, Other Cargo (Main Pool) the average annual traffic comes 153.65 tonnes excluding the traffic of container stuffing/ destuffing, C&F operation and Zone B. The port may modify the total tonnage considered for recovery of pension fund levy taking into consideration the average traffic of 153.65 lakhs tonnes plus the traffic of container stuffing/ destuffing, C&F operation and Zone B expected to avail the CHD service.	As the cargoes for container stuffing, destuffing are not in vogue and the cargoes of C&F operation & Zone-B are included in Main Pool (others) the issue is addressed already.
	(ii). Traffic: As per BE 2013-14, traffic projected to be handled by Cargo Handling Division with reference to Coal at Coal Jetty II, Salt, Other Cargo at Main Pool is 155.56 lakh tonnes. Whereas, the tonnage projected in the cost statement is 146.21 lakhs tonnes for the corresponding cargo item for the year 2013-14. Explain the reasons for deviation in the traffic projection from the level projected in BE 2013-14.	The cost statement is since updated with the B.E. 2013-14 tonnage of 155.66 lakh tonnes.
	(iii). The RE for the year 2012-13 for Cargo Handling Division show the income from the levy for deployment of labour from CHD at ₹2282.55 lakhs as against budget estimates of ₹4285.60 lakhs. Explain the reasons for sudden drop estimated in the levy income in the RE 2012-13 as against the Budget Estimates. As stated earlier, the port is requested to update the position with reference to 2012-13 actuals based on provisional/ draft account for CHD.	Actuals 2012-13 is since adopted.
(15).	**Pension Fund Levy (new tariff item proposed):** The VOCPT in its proposal has in para 2(xiii) proposed to collect pension fund levy at ₹17.96 per tonne. The port has furnished Pension Fund levy calculation under Statement-A based on the shortfall in the Pension/ Gratuity Fund balance determined in	

<table>
<tr><td></td><td>Statement-D. In this regard, the port is requested to furnish clarification on the following points:</td><td></td></tr>
<tr><td>(i).</td><td>The Pension and Gratuity Fund levy proposed by the VOCPT is based on Actuarial Valuation Report and the Pension/ Gratuity Fund Balance as on 31 March 2012. As the financial year 2012-13 is already over, the VOCPT may consider to update Statement-D based on actuarial valuation report as at 31 March 2013. A copy of the actuarial valuation report as on 31 March 2013 may be furnished. The Pension/ Gratuity Fund Balance may also be updated as on 31 March 2013 based on provisional/ unaudited accounts if the Accounts are not audited.</td><td>Updated and copy of Actuarial Valuation Report as on 31.3.2013 is furnished.</td></tr>
<tr><td>(ii).</td><td>Since the proposal of the port is to charge the levy of ₹17.96 on per tonne, it is felt that only the cargo related activities will be contributing towards the shortfall in the Pension/ Gratuity Fund. Considering that all the revenue generating activities (cargo and vessel) should meet the shortfall in this Fund balance, the port may consider to propose the levy in terms of percentage of cargo and vessel related charges (excluding the special rate for dredging). It may be noted that the Pension Fund levy approved at other Major Port Trusts like Mormugao Port Trust (MOPT), Kolkata Port Trust (KOPT) is also in terms of percentage to meet the shortfall in the Pension Fund balance as per the actuarial valuation.</td><td>This is since complied with in the revised proposal submitted.

In the revised proposal, VOCPT has proposed pension fund levy at 13.93% of all tariff items excluding estate. A summary of the working is brought out in the subsequent paragraphs.</td></tr>
<tr><td>(iii).</td><td>The VOCPT may furnish the detailed breakup of cargo and vessel related revenue at the existing and proposed rate for the years 2013-14 to 2015-16. The additional revenue likely to accrue from new tariff item proposed by the port may also be furnished for each of the years 2013-14 to 2015-16.</td><td>(₹ in crores)
<table>
<tr><th>Sl</th><th>Item</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr>
<tr><td>1</td><td>Coal jetty-II</td><td>3.13</td><td>3.66</td><td>4.02</td></tr>
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<tr><td>3</td><td>Gl. Cargo</td><td>21.46</td><td>21.92</td><td>24.11</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>While arriving at the shortfall in the Pension fund/Gratuity fund liability, the port is requested to consider interest likely to accrue from these funds for the next three years.</td><td>The Pension Fund Levy is calculated with respect to shortfall in Actual Fund vis-à-vis actuarial valuation as 31.3.2013. Hence, the question of calculating interest in course for future does not arise.</td></tr>
<tr><td>(v).</td><td>In the covering letter, VOCPT has stated that it proposes to introduce pension fund levy. However, this tariff item is not included in the draft proposed Scale of Rates.</td><td>Since included.</td></tr>
<tr><td>(E).</td><td><u>Scale of Rates</u>:</td><td></td></tr>
<tr><td>(1).</td><td>1.2 – General Terms and Conditions:
The proposed note at 1.2(vi)(b) may be modified in line with clause 2.18.2 of the tariff guidelines of 2005 and the rate of penal interest may be updated at 2% above the prevailing Prime Lending Rate of State Bank of India of 14.45%.</td><td>Since incorporated.</td></tr>
<tr><td>(2).
(i).</td><td>Clause 6.10. of the tariff guidelines stipulates prescription of berth hire in single slab and pilotage fee in three tier slabs. In the last tariff Order, the Authority in para 11(xvii) had advised the VOCPT to attempt to introduce suitable rationalisation in the vessel related tariff items prescribing the base rate such that the impact of increase, if at all necessary, is gradual across all the categories. The VOCPT has, however, not made any attempt in this direction in the proposed Scale of Rates. The VOCPT is advised to adhere to the suggestion made in last tariff Order in</td><td>The prescription of single slab berth hire and three tier pilotage fees have been attempted during the revisions made in August 2008 and November 2011. But, based on the users' objections considering the share of arrival of vessels below 30000 GRT as recorded in para 11 (xvii) of TAMP Order dated August 2008 and in para 17 (xxvii) of Order dated November 2011 and the inability of vessels of lower parcel size of vessels in the group less than 10000 GRT, 10001-15000 GRT, status quo has been allowed</td></tr>
</table>

<table>
<tr><td></td><td>this regard.
As stated in the last tariff Order, if the rationalised tariff structure strictly as per the guidelines is likely to cause unintended adverse impact on majority of vessels, then VOCPT may propose suitable slab structure to smoothen the impact.</td><td>to be continued. In as much as the same situation prevails now also, it is requested to retain the existing classification of vessel GRT grouping.</td></tr>
<tr><td>(ii).</td><td>Furnish a tabular statement showing number of vessels, average GRT of the vessels for the past two years 2011-12 and 2012-13 for both foreign-going vessels and coastal vessels separately. Furnish similar details for the years 2013-14 to 2015-16 along with income projections for both foreign-going vessels and coastal vessels for each of the existing slabs vis-à-vis the income anticipated at the rationalised port dues/ berth hire (to be) proposed adopting the following format:
<table>
<tr><th>Existing slab GRT</th><th>No. of vessels</th><th>Avg GRT of vessel</th><th>Existing rate</th><th>Income at existing rate</th><th>Proposed slab</th><th>Number of vessels</th><th>Avg GRT of vessel</th><th>Proposed rate</th><th>Income at proposed rate</th><th>Impact of proposed increase %</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
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<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>TOTAL</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table></td><td>Requisite details are furnished.</td></tr>
<tr><td>(3).</td><td>General notes relating to Schedule 2.2.1 (Pilotage fees), 2.2.2 (Miscellaneous Pilotage fees) and 2.2.3 (Shifting charges):
With reference to the note no.9 proposed by the VOCPT, the Authority vide Order dated 22 June 2004 had advised the port to file a suitable proposal prescribing broad guidelines/ principles for shifting of a vessel to outer anchorage or any other berth on account of its non-performance based on experience gained in the operations. The advice was reiterated in the last tariff Order passed on 14 July 2008 at para 11 (xxiii) (a) and in Para 17(xxiii) of the order dated 11 October 2011. The decision of the Authority taken in various cases that it would prefer to prescribe conditionalities in a definite manner without providing discretionary power to regulated entities have been brought in earlier orders to VOCPT advising port to examine the issues in consultation with users in this regard. The Port has not adhered to our suggestion rendered in earlier order in this regard. The port is once again advised to adhere to our suggestion rendered in the last tariff Orders in this regard and modify the proposed note prescribing the broad circumstances when vessel will be shifted to anchorage/ any berth due to its non-performance so as to bring in transparency in the provision.</td><td>The issue is examined and the following amendment may please be incorporated in Note No.9 under clause 2.2.3 of SOR:
“When any/ all of the following conditionalities are not satisfied in respect of a working vessel at a berth then the vessel will be shifted with the approval of Chairman to outer anchorage or another available and suitable berth with respect to the draught of the vessel:

a) When a vessel is operating with ship derricks either in a crane berth or non-crane berth and she is idle due to non-working of the crane for a period of four hours in a shift either continuously or intermittently (less than fifteen minutes excluded).
b) When a vessel is keeping idle in a shift for a period of four hours in a shift either continuously or intermittently (less than fifteen minutes excluded), though gangs are deployed by Cargo Handling Division of the Port.
c) When the productivity of a vessel per shift is continuously less than the average productivity per shift for the cargo during the previous year during the continuous period of two /three shifts.
d) When the vessel is waiting for cargo (whether gang is requisitioned and deployed or not) continuously or intermittently for a period of four hours in a shift and in two consecutive shifts.”</td></tr>
<tr><td>(4).</td><td>2.4.1 – Schedule of berth hire charges:
As stated in Sl.No.E(2). above, the existing berth hire may be rationalised and a comparison as requisitioned for the rationalised tariff (to be) proposed may be furnished for this item also.</td><td>Please refer to the reply at E(2).</td></tr>
<tr><td>(5).</td><td>2.4.2 – Schedule of berth hire charges for other vessels:
The Authority has passed an Order No.TAMP/45/2012-VOCPT dated 1 April 2013</td><td>This is already incorporated in the Draft Scale of Rates. As the Port has started implementing the rate with the consent of users with effect from 30.3.2012 (date of Board approval) and the same</td></tr>
</table>

	wherein tariff at Sl.No.6 of sub-section 2.4.2 of Chapter II – Vessel related charges for sailing vessels at Zone-B approved vide the general revision Order dated 11 October 2011 was replaced. This Order is notified in the Gazette of India vide Gazette No.119 dated 26 April 2013. The approved charges may be incorporated in the proposed SOR. The income estimates at the revised rate approved by the Authority in the said Order dated 1 April 2013 may be considered in the income estimates for the years 2013-14 to 2015-16.	has been considered and approved by the Authority vide para 11.2 of notification GSR No.119 dated 26.4.2013. Since, the income earned is already accounted in the books since 30.3.2012, the requirement of the Authority is already taken care of in the estimates for 2013-14 to 2015-16.
(6).	**2.5 - Special rate for Dredging:**	
(i).	The statement relating to dredging activity furnished by the VOCPT does not justify or explain the basis to continue with the existing level of the special rate for dredging. The port is requested to justify the reasons to continue with the existing rate for special dredging in view of the fact the debt servicing liability for which this levy was introduced in the year 2000 was already discharged by the port in the year 2009-10. In fact the last instalment of annualized debt servicing cost considered in the computation is only till the year 2011-12 in the last tariff Order dated 11 October 2011.	The revised statement to calculate the deficit in Capital Dredging Account is furnished indicating the dredging deficit at ₹3136.85 Lakhs at the end of the proposed tariff cycle ending 31st March 2016. As this is with respect to the defraying the debt servicing cost incurred upto 2004-05 (premature closure of IDBI loan) and considering the surplus from dredging levy (net of depreciation), there is a need to continue the dredging levy upto the end of proposed tariff cycle.
(ii).	As per the existing Scale of Rates, the special rate for dredging for berth no.VIII prescribed at Sl. No.1 is at 30% of applicable Port Dues, Berth hire and Pilotage. As against that, in the draft proposed Scale of Rates, the special rate for dredging for berth no.VIII is proposed at Sl. No.1 at 30% as well as at Sl. No.2 along with container berth no.7 at 15% of Port Dues and Pilotage and 30% of the Berth hire. Please explain the reasons for proposing this tariff for Berth No.VII at two places at different levels.	This is with respect to VIII Berth awarded to M/s.Dakshin Bharat Gateway Terminal (P) Ltd. for operation as Container Terminal on PPP mode. The PPP operator is expected to commence operations in 2014-15. Hence, it is proposed extend the rate of dredging levy applicable to VII Berth Container Terminal operated by M/s.PSA SICAL Terminals Ltd.
(iii).	The port has proposed to extend the application of special rate for dredging to new berths under PPP projects viz., NCB-I, II, III and IV and shallow water berth (construction material) and shallow water berth (for cement). In this regard, the following points may be clarified:	
	(a). The existing special rate was introduced for specific purpose to service the loan taken for the project. Moreover, this levy was to recover the special rate only from those vessels which benefited from the increased draft to 10.7 mtrs. at specific berths. Our initial Order No.TAMP/29/2000-TPT dated 2 June 2000 in para 9(v) states that levy will be co-terminus with the tenure of loan. In the light of the above position, the VOCPT may explain and justify its proposal to extend the existing special rate to other berths at PPP projects when the loan taken for which this special rate was introduced is already discharged by the port in the year 2009-10.	In addition to justification furnished in reply on the query at (E)6(i) above, it is stated that the expenditure covered by the Capital Dredging of 1999 to 10.7 metre is the base on which the current draught of 12.8 mtr. is achieved which benefit the vessels berthed at NCB I, PPP berths of NCB II, III and IV. Hence, it is felt appropriate the vessels berthed at NCB I, NCB II, III and IV also share the cost of 1999 Capital Dredging by paying the dredging levy.
	(b). The cost statement for dredging activity filed by the port contains lots of gap as highlighted in the earlier part of our queries. Justify the basis for the proposed special rates for dredging.	The calculations are based on the format adopted by the Authority during the 2011 revision of scale of rates. The same is revised with Actuals 2012-13 and is furnished.
(7).	**3.1 – Schedule of Wharfage Dues:** The Authority in para 17(xxxix)(c) of its Order dated 11 October 2011 has pointed out to the port that the wharfage items allowed to continue on ad-valorem	It is pointed out that the Ad-valorem cargo is in vogue in Port Sector considering the principle "what the trade can bear, the space occupied by the high value cargo like Machinery Parts, Wind

	basis in the then tariff revision exercise and has also alerted the port that it will be deleted automatically, if the port does not come up with specific unit based rate at the time of next tariff revision. The VOCPT has, however, not made any such attempt and has proposed to continue ad-valorem wharfage rate for the items at Sl.Nos.18 to 23. The port is advised to adhere to the advice rendered in the last tariff Order.	mill Blades etc., though the weight of the cargo is less. This leads to differential treatment for cargoes with optimum space with optimum weight and ad-valorem cargoes occupying more space with less tonnage. There will be huge adverse revenue implications if ad-valorem wharfage is discontinued. Also, Ad-valorem Wharfage rates are available in the Scale of Rates of other Major Ports viz., Madras, Kandla, New Mangalore, Mumbai and Visakhapatnam.
(8).	**3.3 - License(storage) Fee:**	
(i).	The reasons and basis of proposing 150% increase in the license fee for storage of cargo in open space outside the security wall and 300% increase within the security wall under Sl.No.2 (i) and (ii) may be justified in the light of the fact that the overall cargo handling activity reflects an average surplus position of 44.67% for the years 2013-14 to 2015-16.	Though the Cargo Handling Activity is showing surplus, Port feels that the storage charges are to be comparable to neighbouring Ports' rates considering the land value and to ease congestion of cargo at times of peak period and bunched arrival of vessels. Hence, the rates are proposed for increase on par with the Chennai Port Trust. Hence, the Authority is requested to consider the proposal favourably.
(ii).	Furnish revenue implication of the proposed tariff year-wise for the years 2013-14 to 2015-16 along with detailed working.	Furnished.
(iii).	Justify the reasons for proposing increase in the license fee for Zone B at par with Zone A. Confirm whether infrastructure and facilities provided at Zone B are at par with Zone A.	Port feels that the storage charges are to be comparable to neighbouring Ports' rates considering the land value and to ease congestion of cargo at times of peak period and bunched arrival of vessels. Hence, the rates are proposed for increase on par with the Chennai Port Trust. Hence, the Authority is requested to consider the proposal favourably.
(9).	**4.3 – Schedule of storage rent on empty and loaded containers:** The storage rent for 20' feet container for foreign-going vessels at Sl.No.2 is proposed at 1.60 US$ per TEU at par with the rate for 40' TEU. The increase works out to 113% as against 7.6% increase for the same category of container on the coastal vessels. There seems to be some typographical error in the rate for foreign-going vessel which may be corrected.	This is since rectified in the revised Draft Scale of Rates furnished.
(10).	**5.14 – Charges for taking photographs or shooting of films in the harbor premises:** Explain the reason for seeking 100% to 275% increase in the charges for shooting of film by film making company as against increase of around 7.5% sought in other tariff items.	These are commercial services which are to be restrictive considering the Port Security. Hence, it is proposed at a higher level so as to be prohibitive. The earnings are not regular and is very meagre. Hence, the proposal may please be approved.
(11).	**Schedule 5.20. – Charges for use of Harbour Mobile Cranes installed by the Private Operators**: The port has not proposed any increase in the hire charge for use of HMC installed by the private operators. The port may, if necessary, furnish separate cost statement for HMC in line with the approach followed during fixation of hire charge of HMC in our Order No.TAMP/22/2007-TPT dated 30 December 2009.	The said crane is deployed by a private operator. This will be examined separately with respect to the need for the same and considering the PPP project awarded to M/s.IMCOLA Company (P) Ltd for operation of two numbers 120MT Harbour Mobile Cranes at Berth No.9, Voc Berth No.1 to 4, and berth No.5 & 6. If necessary, a revised proposal will be sent to the Authority in due course.
(12).	**5.22 - Cleaning charges:**	
(i).	The cleaning charges proposed to be introduced at ₹5 per tonne for dusty cargo may be justified with reference to the cost for providing the services. Please furnish detail working in this regard.	The detailed working showing the cost of Cleaning the roads and side banks and nearby areas at ₹322.77 lakhs considering the current investment on Water Sprinkler, Wind Barrier,

(ii).	The cargo category likely to attract the proposed charges may be explicitly mentioned in the Scale of Rates.	Pollution Control measures and deployment of Sweeping Machine on Contract is furnished.
(iii).	The expenditure estimated by the VOCPT in the cost statement would include the cost involved for providing the cleaning service. Recognising that the cargo handling activity which would cover this cost item shows a surplus position as per the cost statement filed by the port, a suitable reduction may be proposed in the wharfage to the extent separate cleaning charges proposed to be introduced.	The Wharfage charges are for use of landing places and use of Transit Areas in the Wharf. The proposed cleaning charges is for the cleaning the roads and surroundings enroute due to the movement of dusty cargoes. Hence the proposed cleaning charges are not linked to the services covered by Wharfage Charges. Therefore, the question of reduction of Wharfage charges in lieu of cleaning charges does not arise.

15.2. While responding to the queries raised by us vide our letter dated 12 July 2013, the VOCPT has submitted revised cost statements updating estimates of 2012-13 with actuals and revised estimates for 2013-14 to 2015-16. The VOCPT has also forwarded revised proposed Scale of Rates vide its letter dated 23 October 2013. The main submissions made by the VOCPT in its revised proposal are summarised below:

(i). The updated Cost Statements is prepared considering the following factors:-

(a). The Actuals for the year 2012-13 has been incorporated based on the Audited Annual Accounts 2012-13.

(b). As per TAMP letter dated 27.6.2013, the escalation factor of 7.00% for “expenditure” is adopted for the years 2014-15 & 2015-16 instead of 6.50% adopted earlier.

(c). With respect to expenditure projections towards dry docking of MT Tutiticorin, MT Thiruvalluvar, ML Bharathi and ML Tuticorin ₹10.77 crores has been added in 2013-14 for the expenditure not incurred in the year 2012-13.

(d). The Railway deficit has been arrived for ₹389.59 lakhs based on actuals for 2012-13 and the same has been incorporated in the consolidated cost statement for adjustment from the net surplus of the year 2012-13.

(e). Tonnage and Income Estimates for the years 2014-15 & 2015-16 has been modified based on the present scenario of commencement of the PPP Projects viz., NCB-I, NCB-II, NCB-III, NCB-IV, VIII Berth conversion, SWB (Cement), SWB (Construction Material) & Upgradation of Mech. Handling equipments. The traffic projected in the revised proposal is tabulated in the summary of queries raised and reply furnished by the VOCPT and hence not reiterated here.

(f). Capital Employed has been modified for the years 2012-13 (as per Actuals), and subsequent years based on the estimates of five year plan figures considering the amount to be met from Government Grant for the dredging projects @ 33.33% and also the amount to be met from Escrow Fund from the accumulations of Royalty/ Revenue share to be receivable from the BOT Operators for the years 2013-14, 2014-15 and 2015-16. Total addition to the gross block estimated in Form 4A is ₹55.40 crores, ₹84.18 crores and ₹863 crores in the years 2013-14 to 2015-16 respectively.

(g). A summary of consolidated and sub activity-wise cost statements furnished by VOCPT (excluding railway and dredging activity) at the existing tariff as per its revised proposal dated 23 October 2013 reflects the following position:

Sl. No.	Particulars	Operating Income at existing tariff (₹ in lakhs)				Net Surplus/ deficit (₹ in lakhs)				Net Surplus/ deficit (as % of operating income)			
		2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Aggregate operating income for 2013-14 to 2015-16	2013-14 Estimates	2014-15 (Estimates	2015-16 Estimates	Aggregate net surplus/ deficit for 2013-14 to 2015-16	2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Average %
1.	Port as a whole (excluding Railways and dredging)	24616.54	29353.88	33521.32	87491.74	-1833.88	12.90	-5110.62	-6931.60	-7.45%	0.04%	-15.25%	-7.55%
2.	Cargo handling and storage activity	14616.00	18495.64	21001.39	54113.03	7774.59	10950.44	12541.61	31266.64	53.19%	59.21%	59.72%	57.37%
	(i). General cargo handling and storage	9976.15	13955.79	16461.54	40393.48	5737.20	9139.80	11091.01	25968.01	57.51%	65.49%	67.38%	63.46%
	(ii). Coal handled at Coal Jetty	2280.00	2280.00	2280.00	6840.00	2175.17	2150.60	2109.56	6435.33	95.40%	94.32%	92.52%	94.08%
	(iii). Oil handled at Oil Jetty	1103.05	1103.05	1103.05	3309.15	769.30	743.10	708.96	2221.36	69.74%	67.37%	64.27%	67.13%
	(iv). Wharf cranes	451.80	451.80	451.80	1355.40	-1275.23	-1356.71	-1607.36	-4239.30	-282.26%	-300.29%	-355.77%	-312.77%
	(v). Top lift truck	-	-	-	-	-314.73	-284.48	-297.54	-896.75	NA	NA	NA	NA
	(vi). Warehousing	805.00	705.00	705.00	2215.00	682.87	558.13	536.99	1777.99	84.83%	79.17%	76.17%	80.06%
3.	Port and Dock Activity (excluding dredging)	8942.51	9800.21	11461.90	30204.62	-9210.13	-10370.70	-16982.27	-36563.10	-102.99%	-105.82%	-148.16%	-118.99%
	(i). Towage and Mooring	1793.18	1793.18	1793.18	5379.54	-5048.29	-3542.53	-4979.11	-13569.93	-281.53%	-197.56%	-277.67%	-252.25%
	(ii). Berthing and Docking facilities	3237.39	3335.49	3266.45	9839.33	2406.75	-200.68	-5713.92	-3507.85	74.34%	-6.02%	-174.93%	-35.54%
	(iii). Dry Dock	-	-	-	-	-55.20	-56.50	-60.55	-172.25	NA	NA	NA	NA
	(iv). Port services	2013.44	2355.51	3001.38	7370.33	-5709.72	-6003.10	-6627.52	-18340.34	-283.58%	-254.85%	-220.82%	-253.08%
	(v). Pilotage	1898.50	2316.03	3400.89	7615.42	-665.10	-482.93	472.40	-675.63	-35.03%	-20.85%	13.89%	-14.00%
	(vi). Water supply to shipping	-	-	-	-	-138.57	-69.84	-73.58	-281.99	NA	NA	NA	NA
4.	Estate rental activity	1058.03	1058.03	1058.03	3174.09	-398.35	-566.89	-669.90	-1635.14	-37.65%	-53.58%	-63.32%	-51.52%
	(i). Residential	25.73	25.73	25.73	77.19	-1045.19	-1160.26	-1237.95	-3443.40	-4062.16%	-4509.39%	-4811.32%	-4460.96%
	(ii). Non-Residential	1032.30	1032.30	1032.30	3096.90	647.67	594.53	568.06	1810.26	62.74%	57.59%	55.03%	58.45%

(h). The port has proposed increase in storage charges of open space for Zone A-Outside the security wall by 150% and Zone A-Inside the security wall by 300% (at par with the rate prescribed in the Scale of Rates of Chennai Port Trust) as proposed in its earlier proposal. Proposal to introduce cleaning charge at ₹5 per tonne is retained as proposed by it in its earlier proposal. Income likely to accrue from these two proposed amendments is captured for two and half years viz., 2013-14 (6 months), 2014-15 & 2015-16 to arrive at the increase required in the Scale of Rates. To arrive at proposed across the board percentage increase in the general revision of SOR, income estimates of two and half years viz., 2013-14 (6 months), 2014-15 & 2015-16 excluding Royalty/Revenue share receivable from BOT Operators and Estate Rental Income are considered. Detailed working for arriving at the proposed across the board increase furnished by the VOCPT is tabulated below:-

(₹ in lakhs)

Abstract of details showing percentage increase required				
Sl. No.	**Particulars**	**Past period till 2012-13**	**Estimates 2013-14, 2014-15 & 2015-16**	**Total**
1.	The net deficit from Revenue for the years 2012-13 to 2015-16	2,280.14	-6,931.49	-4,651.35
2.	Add: Railway Deficit for the years 2007-08 to 2010-11			-751.16
3.	**Total (1+2)**			**-5,402.51**
4.	Income expected due to changes proposed in storage charges for 2013-14 to 2015-16 (₹487.75 lakhs/Year)			1,219.38
5.	Income expected due to proposed cleaning			869.60

	charges for 2013-14, 2014-15 & 2015-16 (₹347.84 Lakhs/ Year)			
6.	**Estimated Net deficit considering Rev. A/c. deficit (3+4+5)**			**-3,313.54**
7.	Operating Income to be earned during 2013-14 to 2015-16 including Royalty			75,183.46
8.	Royalty income and Estate Rental income, charges which are not covered under revision			23,704.61
9.	Operating Income to be earned during 2013-14 to 2015-16			51,478.85
10.	**Percentage of increase required (6/9)**			**Say 6.50%**
11.	**Percentage of increase if Sl.No. 4 & 5 are excluded by TAMP (3/9)**			**10.50%**

(i). Thus, to recover the net deficit position ₹3,313.53 lakhs from Operating Income of two and half years viz., 2013-14 to 2015-16 of ₹51,478.86 lakhs, it is proposed to increase existing Scale of Rates by 6.50% as against 7.51% increase proposed in its original proposal if TAMP approved the proposal of V.O. Chidambaranar Port Trust for increase in storage charges and levy of cleaning charges. If the above two items are not considered by TAMP for approval, the percentage of increase shall be 10.50% as against 10.36% increase proposed in its original proposal.

(ii). (a). The dredging deficit (after carrying over deficit from 2010-11 of ₹2889.89 lakhs) is worked out for the years 2011-12 to 2015-16 which shows net unabsorbed deficit of ₹3,136.85 lakhs by the end of the year 2015-16 by continuing the existing dredging levy. A summary of cost position of dredging activity has been brought out in preceding paragraph.

(b). The total estimated deficit of ₹3,136.85 lakhs by the end of the year 2015-16 will be decreased to ₹2,680.22 lakhs if 6.50% increase is considered by the Authority. Hence, existing dredging levy is proposed to be continued as proposed in its original proposal.

(iii). (a). As per the working, the deficit in the Pension Fund and Gratuity fund with respect to the actuarial valuation of Pension fund and Gratuity fund works out to ₹152.76 crores as on 31.3.2013 considering the actual balance available in Pension and Gratuity Fund (₹281.18) crores against Actuarial valuation of ₹433.94 crores as on 31.3.2013. The equi proportionate shortfall is ₹76.38 crores upto the current tariff cycle 2015-16 i.e., (2.5 years).

(b). To recover the deficit under Pension Fund & Gratuity Fund of ₹76.38 crores, it has proposed pension fund levy at 13.93% on all the cargo related and vessel related charges except dredging levy to meet the short fall of Pension and Gratuity fund as against Pension Fund levy of ₹17.93 per tonne proposed in its original proposal.

(c). A summary of shortfall in the Pension/ Gratuity Fund Balance of VOCPT vis-à-vis the actuarial valuation as on 31 March 2013 and the basis for arriving at levy of 13.93% over all the tariff items except estate and revenue share is given below:

Sr. No.	Particulars	₹ in crores
1.	Actuarial valuation of Pension Fund and Gratuity Fund [₹388.26 crores + ₹45.68 crores]	433.94
2.	Actual balance in Pension Fund and Gratuity Fund [₹255.30 crores + ₹25.88 crores]	281.18
3.	Shortfall in the Pension and Gratuity Fund [2-1]	152.76
4.	Equi proportionate share upto tariff cycle 2015-16 [2.5 years]	76.38
5.	Estimated operating income to be earned	548.25

	during 2013-14 to 2015-16 with 6.5% increase proposed on tariff items excluding estate and revenue share	
6.	Percentage increase towards pension fund shortfall [4/5]	13.93%

(iv). The VOCPT in the revised proposal has submitted that the Resident Audit Unit of the office of Principal Director of Commercial Audit, Chennai and the Chief Vigilance Officer have directed to consider the coal imported described as "Steaming Non-coking coal", in the Import manifest and having the name of the consignee as power generating units like Coastal Energant, Ind Bharat Power Co. Ltd. etc., as Thermal coal. Accordingly, it is proposed that the wharfage rate at the rate of ₹38/- per M.T for Thermal coal may be made applicable for Steaming Non-coking coal) instead of ₹27/- per M.T otherwise applicable. In view of this, it is proposed to collect the coal imported by such power generating units at the rate of ₹38/- per Metric Tonne based on the name of Consignee in the Import General Manifest. The additional income of ₹100 lakhs (at an average of 9 lakh tonne per annum at ₹11 being the difference of ₹38/ & ₹27/- per tonne is considered for the year 2013-14 only. For the year from 2014-15, the coal meant for Thermal power projects are expected to be handled at NCB-II and hence the question of additional income on account of this will not arise for 2014-15 and thereafter. The VOCPT has, therefore, proposed to introduce the following Note under Sl.No.3 in the wharfage schedule to bring in clarity for the collection of Thermal coal rate for the coal handled which is meant for power generation unit.

"**Note**: In respect of Coal, if the Consignee's name in the manifest represents/has a mention about power generation unit, the wharfage rate applicable for Thermal Coal shall be levied irrespective of description in the manifest".
[The said note was not proposed in its original proposal.]

(v). Vigilance Department advised the Port for rounding off to nearest ten rupees in respect of the charges for issue of Licence fee for entry of vehicles and equipment. Hence, it has requested to approve the rates for licences fees for entry of vehicle and cargo handling equipments being rounded off to nearest ten rupees after seeking 6.50% increase on the existing rate.

(vi). Increase in charges for taking photographs or shooting of films in the harbor premises is proposed in the range of 100% to 275% as in its earlier proposal dated 18 March 2013.

(vii). (a). As regards CHD, the VOCPT has furnished revised cost statement updating 2012-13 estimates with actuals. The summary of the revised cost position for CHD division furnished by the VOCPT for the years 2010-11 to 2012-13 actuals and estimates for 2013-14 to 2015-16 is given below:

(**₹ in lakhs**)

Sl. No.	**Description**	**2010-11 (Actuals)**	**2011-12 (Actuals)**	**2012-13 (Actuals)**	**2013-14 (Estimates)**	**2014-15 (Estimates)**	**2015-16 (Estimates)**
(i).	Total payments to employees	4,501.96	4,416.84	5,429.18	5,374.65	5,750.87	6,153.43
(ii).	Total employee related payments	376.39	481.75	199.44	455.99	487.92	522.07
(iii).	Total Administrative expenses	253.92	262.10	123.45	333.67	357.03	382.03
(iv).	Operating Expenditure [(i) to (iii)]	5,132.27	5,160.69	5,752.07	6,164.31	6,595.82	7,057.53
(v).	Depreciation	1.72	1.72	1.82	1.30	1.14	1.08
(vi).	Wage Revision Arrears	121.8	121.8	-	-	-	-
(vii).	Total Operating	5,255.79	5,284.21	5,753.89	6,165.61	6,596.96	7,058.61

	Expenditure						
(viii).	F & M Expenditure	739.72	950.83	1,353.06	1,400.04	1,484.04	1,573.08
(ix).	Returns on Capital Employed	70.43	70.43	75.13	74.92	74.74	74.57
(x).	Deficit of 2011-12 with payment to ESI			42.20	42.20	42.20	42.20
(xi).	Total Expenditure	6,065.94	6,305.47	7,224.28	7,682.77	8,197.94	8,748.46
	Average expenditure for 2012-13 to 2015-16			**7,963.36**			

(b). The revised CHLD levy arrived by VOCPT based on revised calculation and considering average hook shift is given below:

Sl. No.	Description	Average Hooks per annum	Expenditure to be recovered per annum (₹ in lakhs)	Average tonnage handled (Lakh tonnes)	Levy rate per tonne (in ₹)	Pension Fund Levy (in ₹/ tonne)
1.	Main Pool – Others	17,633	6,552.10	106.89	61.30	30.15
2.	T/Coal at Coal Jetty II	3,424	1,272.29	32.42	39.24	30.15
3.	Salt	374	138.97	1.19	116.78 *	30.15
	Total	**21,431**	**7,963.36**	**140.50**		

[* The VOCPT in the calculation has shown 0 which is arithmetically corrected in the above table.]

(c). The statement furnished by VOCPT giving revised calculation of Pension fund levy is given below:

Sl. No.	Particulars	₹ in lakhs
1.	Actuarial valuation as of 31.3.2013	27,239.00
2.	Total Pension amount as on 31.3.2013	8,083.00
3.	Shortfall	19,156.00
4.	Gratuity fund required	2,025.00
5.	This amount is to be spreading over to 5 years	4,236.20
6.	Pension fund levy per tonne [4236.20/ 140.50]	30.15

(d). To summarise, the VOCPT has proposed to dispense with the claim for worked wages for actual deployment. The rates proposed by VOCPT for CHD is given below:

(**₹ per tonne**)

Sl. No.	Description	Existing Rate	Proposed Rate as per original proposal	Proposed Rate as per revised proposal
1.	All cargoes other than Coal and Salt	₹17.25	₹37.69	₹61.30
2.	Salt	₹18.00	₹63.06	₹63.96
3.	Coal at Jetty II	₹10.45	₹28.79	₹39.24
4.	Pension Fund Levy	₹9.00	₹15.78	₹30.15
5.	For container stuffing and destuffing operations	@ 200% of Time Rate wages	@ 200% of Time Rate wages	As in Sl. No.1 above
6.	C&F Operation at	₹10/-	₹10/-	₹10/-

	Transit Shed and Ware house etc. levy			
7.	For Zone 'B'	₹10/-	₹10/-	₹10/-
8.	Claim for Worked wages	As per Actual wages for the deployment	As per Actual wages for the deployment	Merged with levy as above

(e). Revised Pension Fund levy for CHD is proposed at ₹30.15 per tonne as against ₹15.78 per tonne proposed in its original proposal.

16. In continuation of the revised proposal dated 23 October 2013, the VOCPT vide its letter dated 19 June 2014 and e-mail dated 19 June 2014 has furnished further information/ clarifications. The VOCPT has also faxed its earlier letter dated 14 December 2011 relating to direction of this Authority in the last Order to transfer the surplus to the Pension Fund. It has also subsequently vide fax dated 26 June 2014 furnished the breakup of capacity of port and other BOT operators. Further, the VOCPT vide fax dated 7 July 2014 has furnished the working of net fixed assets and depreciation applying the depreciation as per the Companies Act for CHD. A summary position of the information furnished by VOCPT is given below:

(i). The detailed workings reconciling the balances of Net Block from 01.04.2012 to 31.03.2016 considering the additions, adjustments made with respect to assets funded from Escrow Fund and Government grant in line with Form 4A is tabulated below:

(**₹ in crores**)

Sl. No.	**Description**	**Net Block**				
		2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
1.	(a). Opening Balance (Net Fixed Assets) (Excluding Escrow funded assets)	545.46	699.22	456.48	470.42	549.72
	(b). Escrow funded assets	-	169.22	216.17	212.57	286.58
	Opening Balance Total	**545.46**	**868.44**	**672.65**	**682.99**	**836.30**
2.	Additions during the year (Gross Block)	518.73	7.21	78.00	478.57	868.74
3.	Grant Total	**1,064.19**	**875.65**	**750.65**	**1,161.56**	**1,705.04**
4.	Less: Adjustments					
	Amount met from Escrow Fund (Gross Block)	170.61	50.55	-	77.61	101.37
5.	Amount met from Grant-for capital dredging of NCB-II,III,IV and 2 nos. of SDBs (Gross Block)	-	124.67	40.50	211.43	283.97
6.	Total	**170.61**	**175.22**	**40.50**	**289.04**	**385.34**
7.	Balance (Sl.No.3-6)	**893.58**	**700.43**	**710.15**	**872.52**	**1,319.70**
8.	Less: Depreciation as per Companies Act (including depreciation on Escrow funded assets)					
	(a). Depreciation on Assets other than (b), (c) & (d)	19.02	19.46	18.84	25.56	31.61
	(b). Depreciation on Approach channel Dredging	4.09	4.09	4.09	4.09	4.09
	(c). Depreciation on Escrow funded assets	1.39	3.60	3.60	3.60	6.52
	(d). Depreciation on Railway Assets	0.63	0.63	0.63	2.97	4.17
	Total	**25.13**	**27.78**	**27.16**	**36.22**	**46.39**
9.	Net balance (Sl. No.7-8)					
	(a). Net Fixed Assets other than (b), (c) & (d)	475.21	237.19	233.26	308.02	652.70
	(b). Net Fixed Assets of Capital Dredging (1999)	222.19	218.10	214.01	209.92	205.83
	(c). Net Fixed Assets of Escrow funded assets	169.22	216.17	212.57	286.58	381.43
	(d). Net Fixed Assets of Railway	1.82	1.19	23.15	31.78	33.35

	Total	**868.44**	**672.65**	**682.99**	**836.30**	**1,273.31**

(ii). An amount of ₹2.89 crores for 2014-15 (3 months) and ₹11.72 crores for 2015-16 identified as amount to be receivable as license fee from the BOT operators of the three projects viz., North Cargo Berth-III, North Cargo Berth-IV and Shallow Draught Berth (Cement) respectively are not included in the earlier proposal dated 23 October 2013. The detailed computation in this regard is furnished.

(iii). The cost statement of Railway Activity which was not furnished along with the revised cost statement dated 23 October 2013 is now furnished. The income and net deficit position estimated in the Railway activity for the years 2013-14 to 2015-16 is given below:

Sl. No.	Particulars	Operating Income at existing tariff (₹ in lakhs)				Net Surplus/ deficit (₹ in lakhs)				Net Surplus/ deficit (as % of operating income)			
		2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Aggregate operating income for 2013-14 to 2015-16	2013-14 Estimates	2014-15 (Estimates	2015-16 Estimates	Aggregate net surplus/ deficit for 2013-14 to 2015-16	2013-14 Estimates	2014-15 Estimates	2015-16 Estimates	Average %
1.	Railway Activity	751.42	1054.47	1241.24	3047.13	-1007.53	-1442.02	-1654.51	-4104.06	-839.68%	-1133.75%	-1300.82%	-1091.42%

(iv). The statement giving details of amount mandatorily to be contributed towards Pension Fund and Gratuity Fund at 15% and 8.33% respectively on the payments towards Basic Pay plus DA upto the year 2015-16 is as given below:

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Payments towards Basic Pay	2,442.34	2,335.09	3,273.96	3,503.14	3,748.36
2.	Payments towards DA	1,250.25	1,505.77	689.62	737.89	789.55
3.	**Total**	**3,692.59**	**3,840.86**	**3,963.58**	**4,241.03**	**4,537.90**
4.	Amount required to be contributed towards Pension @ 15% on Sl.No.3	553.89	576.13	594.54	636.15	680.69
5.	Amount required to be contributed towards Gratuity @ 8.33% on Sl.No.3	307.59	319.94	330.17	353.28	378.01
	Total contribution	861.48	896.07	924.70	989.43	1,058.69

(v). The interim-injunction dated 30 June 2011 passed by District Sessions Court restraining the port from claiming royalty at an escalated rate from 15 July 2011 along with subsequent order by Principal District Judge, Tuticorin pronouncing that ad-interim injunction granted in favour of M/s.PSA SICAL as absolute is also furnished. The Arbitration Award dated 14 February 2014 provided for revenue share model and fixation of reference rate applicable to VIII Berth for PSA SICAL with the approval of TAMP. This is not acceptable to the port as being not maintainable legally and hence the same is appealed against before Hon'ble High Court of Judicature of Madras. In view of the above, ₹1,969/- as royalty per TEU is being collected pending resolution of the issue.

(vi). The statement tallying the depreciation as per Form 3A and Form 4A is also furnished.

(vii). In response to the Authority's requirement to address the issue of notional booking of gangs in respect of handling Thermal Coal at Coal Jetty and in case of mechanised handling of cargo in VOC I to IV berths and elimination of notional booking of gangs, it is informed that no notional gang is engaged from 21 May 2012 on implementation of revised manning scale in Cargo Handling Division.

(viii). To the query regarding the base for the rate proposed for container stuffing and destuffing operations with reference to the rate proposed for all cargoes other than coal and salt, it is clarified that as the cargo inside the container falls under the category of general cargo the rate is proposed accordingly as applicable to cargo other than coal at Coal Jetty-II and Salt.

(ix). As far as the requirement of income received by Cargo Handling Division under the categories of Container Stuffing & Destuffing, C&F operation and handling at Zone B, it is clarified that as far as the income from container stuffing & destuffing in the present scenario, no such operations are carried out by CHD. The particulars of income earned from the remaining two operations are furnished below:

(**₹ in lakhs**)

Sl. No.	Description	2011-12	2012-13	2013-14
1.	C&F operation at Transit Shed and Warehouse, etc.	105.64	68.87	42.03
2.	Cargo handling operations at Zone-B	78.21	91.45	26.81

(x). The details of amount shown under item relating to previous year for 2011-12 and 2012-13 has been furnished.

(xi). A copy of letter received by VOCPT from Resident Audit Officer, VOCPT and Chief Vigilance Officer regarding collection of wharfage charges for Thermal Coal meant for Private Power Plants is furnished.

(xii). As regards the direction of the Authority in the last tariff Order in para 17(vi) to the VOCPT to transfer ₹81.92 crores surplus assessed in the last tariff Order of July 2008 and ₹25.45 crores being the actual surplus assessed in 2008-09 to 2010-11, the VOCPT has made the following submissions:

(a). While calculating the surplus amount, the Authority gave allowance for contribution from Revenue Account and Pension payments (met from General Revenue Account) as receipts under Pension Fund. But, the contribution of the same from General Revenue was not recognised in the statement. Actually port has made the contribution to Pension fund and Pension payments from General Revenue from 2007-08 to 2010-11 for ₹125.35 crores excluding ₹4.00 crores/ per annum considered as cost in cost statement towards annual contribution.

(b). A calculation showing the amount to be transferred with interest as on 31.3.2011 as nil is given below:

(**₹ in crores**)

Sl. No.	Description	Amount	Amount
I	Amount to be transferred as per TAMP Order dated 11.11.2011 for 2008-09		81.92
II	Amount transferred		
	(a). 2007-08-Contribution from Revenue Account	11.31	
	(b). 2007-08-Pension Payments met from Revenue	10.34	
	(c). 2008-09-Contribution from Revenue Account	11.50	
	(d). 2008-09-Pension Payments met from Revenue	12.61	45.76
III	Balance to be transferred as on 31.03.2009 (I-II)		36.16
IV	Add: Interest at 8% for 2009-10 on III		2.89
V	Balance due for transfer as on 31.3.2010 (III + IV)		39.05
VI	Transfer made from Revenue in 2009-10		

Sl. No.	Description	Amount	Amount
	(a). 2009-10-Contribution from Revenue Account	11.00	
	(b). 2009-10-Pension Payments met from Revenue	15.78	26.78
VII	Balance to be transferred as on 31.03.2009 (V-VI)		12.27
VIII	Add: Interest at 8% for 2010-11 on VII		0.98
X	Balance due for transfer as on 31.3.2011 (VII + VIII)		13.25
XI	Transfer made from Revenue in 2010-11		
	(a). 2010-11-Contribution from Revenue Account	15.00	
	(b). 2010-11-Pension Payments met from Revenue	17.81	32.81
XII	Balance to be transferred as on 31.03.2011 (X-XI)		-19.56
	Total Contribution from General Revenue	105.35	

(c). Hence, the Authority may please consider to accept the amount already transferred to Pension Fund in the proposal submitted to the Authority towards this identified transfer of ₹81.92 crores with interest to Pension Fund from General Revenue.

17. Subsequently, the VOCPT vide its fax dated 11 July 2014 has clarified that while furnishing the revised draft Scale of Rates along with its reply dated 23 October 2013, rates for levy for deployment of Cargo Handling Labour in respect of C&F operation at transit shed and ware house and for Zone-B the rates were inadvertently furnished at ₹10/- per metric tonne instead of the upward revision in rates proposed vide its letter dated 28 August 2013 adopting the percentage of increase in respect of all cargoes other than coal at coal jetty-II and salt. The VOCPT has, accordingly, furnished revised schedule of CHD levy correcting the proposed rate for each of the items viz. C&F Operations at Transit Shed and Ware house etc., levy and Zone B at ₹35.54 per tonne each.

18. 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.

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

(i). The existing Scale of Rates of the V.O. Chidambaranar Port Trust (VOCPT) was last approved by this Authority vide Order dated 11 October 2011 with a tariff validity upto 31 March 2013.

(ii). (a). The VOCPT has filed its proposal for general revision of its Scale of Rates vide its letters dated 28 February 2013 and 18 March 2013. In the said initial proposal, the VOCPT had sought 7.51% increase in all the tariff items if its proposal to introduce cleaning charges @ ₹5 per tonne for dusty cargo and increase proposed in license (storage) fee is approved by this Authority. Alternatively, it proposed 10.36% increase in all the tariff items if the said two amendments are not proposed. The special rate for capital dredging is proposed to continue. The VOCPT had also proposed to introduce Pension Fund Levy at ₹17.96 per tonne leviable on all users.

(b). This Authority had in November 2011 along with general revision of Scale of Rates passed a separate Order revising the levy for deployment of labour from the (then) Tuticorin Port Trust Cargo Handling Labour Division

(TPT CHLD) along with Pension Fund levy for the CHLD. The validity of the TPT CHLD levy was made co-terminus with the VOCPT Scale of Rates.

On being pointed out that the CHLD levy needs to be processed in a comprehensive manner along with the general revision proposal, VOCPT in the current proposal has incorporated its proposal for revision in the CHLD levy as part of its general revision proposal. Subsequent to its initial proposal of March 2013, the VOCPT vide its letter dated 28 August 2013 has further recast its proposal relating to the revision CHLD levy wherein the wages recovered separately was clubbed as part of the levy. The revised proposal of VOCPT on CHLD was also taken on consultation.

(c). The VOCPT, while addressing queries raised by us, has subsequently filed revised cost statements vide its letter dated 23 October 2013 updating the 2012-13 estimates with actuals and has also modified estimates for the subsequent years. In the revised proposal, the VOCPT has sought 6.50% increase if its proposal for introduction of cleaning charges and increase proposed in license (storage) fee are approved. If the two items proposed are not approved, VOCPT has proposed 10.50% increase in all the tariff items. The special rate for capital dredging is proposed to continue at the existing level. In the revised proposal, Pension Fund levy is proposed at 13.93% on all the cargo and vessel related tariff items instead of per tonne levy proposed earlier. The levy proposed for deployment of labour from CHLD is also revised.

The revised proposal, cost statements filed by the VOCPT vide its letter dated 23 October 2013 along with information/ clarifications submitted by the port during the processing of the case are considered in this analysis.

(iii). (a). The VOCPT receives royalty from the existing BOT operator PSA SICAL Terminals Limited (PSA SICAL). In the current tariff revision, VOCPT has anticipated to earn revenue share from other BOT operators of North Cargo Berth (NCB) - II and Berth No.VIII from the year 2014-15 onwards and BOT operators of Berth Nos.NCB- III and IV and Shallow Water Berth (SWB) for cement and SWB for construction material from the years 2015-16 onwards.

Creation and maintenance of a separate escrow account for revenue share/ royalty receipts is mandated by the Government policy as contained in clause 2.8.3. of the revised tariff guidelines from the year 2005-06. As per clause 2.8.3 of the 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. The VOCPT has indicated the cost of surplus labour to be nil which is relied upon.

(b). The VOCPT maintains a separate Escrow Account from the year 2007-08 onwards with reference to the royalty receipts from the PSA SICAL. As analysed in the last tariff Order, the Annual Accounts for the year 2007-08 showed that the VOCPT has transferred 50% of the royalty receipts from the PSA SICAL Terminals Limited (PSA SICAL) for the years 2005-06 to 2007-08 in the year 2007-08. For the subsequent years 2008-09 to 2012-13, the VOCPT has annually transferred 50% of the royalty receipts to the Escrow Account as per the tariff guidelines. This approach has been followed in the estimates of 2013-14 to 2015-16 also. The Annual Accounts of the port for the years 2009-10 to 2012-13 also show deployment of funds from the Escrow Account. The funds are reportedly used to fund dredging projects. The Escrow account of the VOCPT reports inflow in terms of royalty receipt and outflow of funds towards capital expenditure which are relied upon.

(c). During the last review of tariff of VOCPT, tariff was fixed based on the estimates for the years 2011-12 and 2012-13. The next tariff cycle period is from 2013-14 to 2015-16. The actual royalty received from the PSA SICAL is reported at ₹8,927.04 lakhs in the year 2011-12 and ₹10,111.55 lakhs in the year 2012-13. The royalty receipt from PSA SICAL for the years 2013-14 to 2015-16 is estimated at the same level of 2012-13 i.e. ₹10,111.55 lakhs.

The port has furnished detailed working of arriving at the estimate of royalty. Appendix 12 of the License Agreement entered by VOCPT with M/s.PSA SICAL shows that increasing level of royalty per TEU is receivable from PSA SICAL every year. The VOCPT was, therefore, requested to explain the reasons for considering a uniform per TEU royalty of ₹1969 for estimating royalty income from M/s.PSA SICAL. The VOCPT has clarified that it is based on the interim-injunction dated 30 June 2011 granted by District Sessions Court restraining the port from claiming royalty at an escalated rate from 15 July 2011 and the subsequent order by Principal District Judge, Tuticorin pronouncing that ad-interim injunction granted in favour of M/s.PSA SICAL as absolute. The VOCPT has stated that the dispute was raised before Arbitral Tribunal constituted under the Arbitration and Conciliation Act. The Arbitration Award dated 14 February 2014 provided for revenue share and fixation of reference rate applicable to VIII Berth with the approval of TAMP. The VOCPT has clarified that since the arbitration award is not acceptable and legally not maintainable, VOCPT has appealed before Hon'ble High Court of Judicature of Madras. In view of the above position, the royalty receipt from PSA SICAL is reportedly estimated by VOCPT at ₹1,969/- per TEU being royalty collected by port pending resolution of the issue. In view of the position explained by the VOCPT, the estimation of royalty receipts from the PSA SICAL @ ₹1969 per TEU is considered in this exercise. If during the course of this tariff cycle or during the subsequent period, the decision of the Hon'ble Court in this matter differs from the royalty level assumed in this exercise, then the impact of the differential revenue will be considered in the immediate next tariff cycle as per the provisions in the tariff guidelines of 2005. Further, consideration by VOCPT the uniform traffic volume for the years 2013-14 to 2015-16 at the level of 2012-13 for the purpose of estimation of royalty receipt should not be construed as the incidental approval of this Authority for the traffic estimates of PSA SICAL for the said years.

(d). The VOCPT has furnished workings relating to revenue share receipts estimated from other BOT operators to whom projects are awarded i.e. from BOT operators of North Cargo Berth (NCB) - II and Berth No.VIII from the year 2014-15 onwards and from BOT operators of berth No NCB-III and IV and Shallow Water Berth (SWB) for cement and SWB for construction material from the years 2015-16 onwards. The total revenue share receipts estimated from the BOT operators other than PSA SICAL for the above mentioned projects is ₹6,672.35 lakhs in the year 2014-15 and ₹10,163.86 lakhs in the year 2015-16 which is relied upon.

The sum of royalty and revenue share receipts from PSA SICAL and the other BOT operators estimated by the VOCPT for the years 2013-14 to 2015-16 is ₹10,111.55 lakhs, ₹16,783.89 lakhs and ₹20,275.40 lakhs respectively which is relied upon and considered.

The VOCPT was specifically requested to confirm whether the traffic and revenue share income estimated during the year 2015-16 from NCB-III project will materialize in view of pending litigation reported by the VOCPT earlier. The VOCPT has during the processing of this case confirmed that NCB-III project is expected to commence operations in the year 2015-16 by conclusion of the litigations and hence only 50% of capacity of 2.5 million tonnes is considered in the overall traffic of the port and in the revenue share projections. As regards PPP project relating to SDB for construction material as well, the VOCPT has stated that though it is under litigation, it is expected to be commissioned in the year 2015-16. The position reported by the VOCPT is relied upon.

(e). The VOCPT has considered 50% of the actual royalty receipt for the years 2011-12 and 2012-13 i.e. ₹4,463.52 lakhs and ₹5,055.78 lakhs and 50% of the estimated royalty/ revenue share receipts i.e. ₹5,055.78 lakhs, ₹8,391.95 lakhs and ₹10,137.70 lakhs for the years 2013-14 to 2015-16 respectively as the amount transferred to the escrow account in line with the provision in the tariff guidelines. The remaining 50% of the royalty/ revenue share receipts is treated as the cargo handling revenue. The approach followed by the VOCPT is found to be line with the provision in the tariff guidelines and in line with the approach followed in the last tariff Order.

(f). The guidelines require that the transfers made to the Escrow Account has to be utilised within five years period for creation/ modernisation of port infrastructure. The Annual Accounts of the VOCPT shows withdrawal of funds from the Escrow Account during the period 2011-12 and 2012-13 to the tune of ₹4,465 lakhs and ₹5,055 lakhs respectively. The VOCPT has reported that withdrawal of funds from the Escrow account is to partly meet the capex relating to the dredging the Dock basin and Channel to cater 12.80m draught vessel. The withdrawal of funds reported from the Escrow account for the stated purposes is considered in the cost statement.

For the years 2013-14, 2014-15 and 2015-16, the VOCPT had earlier indicated deployment of funds from Escrow Account to meet the capex relating to Dredging in front of NCB-II & Shallow draught berth 2 nos. in a phased manner at ₹5,055 lakhs, 8,385 lakhs and Dredging in front of NCB-III, IV and others at ₹10,137 lakhs in the year 2015-16. It has subsequently indicated deployment of funds from the escrow account to the tune of nil in the year 2013-14, ₹7,761 lakhs in the year 2014-15 and ₹10,137 lakhs in the year 2015-16. The guidelines require that the transfers made to the Escrow Account has to be utilised within five years period for creation/ modernisation of port infrastructure. The revised utilisation of funds from the Escrow Account proposed by the port is within five years from the expected year of accrual to meet the capital expenditure relating to dredging projects which is found to be in line with the guideline provision. Hence, the deployment of funds from the Escrow Account as proposed by the VOCPT for the years 2013-14 to 2015-16 is considered.

(g). The year-wise details of the actual inflows and outflows regarding the royalty receipts and investment from the Escrow Account for the years 2011-12 to 2012-13 as per the respective Annual Accounts and for the years 2013-14 to 2015-16 based on estimates are tabulated below. It is relevant here to mention that interest on the opening balance in the Escrow Account is estimated @ 5% for the years 2013-14 to 2015-16 in line with the approach followed in the last tariff Order. The interest rate adopted is based on the interest rate reportedly earned by VOCPT in the year 2010-11 and it is comparable to the interest rate considered in the case of Kolkata Port Trust (KOPT) as well on the Escrow Fund balance.

(**₹ in lakhs**)

Particulars	2011-12 Actual	2012-13 Actual	2013-14 Estimates	2014-15 Estimates	2015-16 Estimates
1. Opening balance in Escrow Account	2.22	0.75	1.52	5057.38	5941.19
2. Royalty/ revenue share Receipts	8927.04	10111.55	10111.56	16783.90	20275.40
3. Revenue share transferred to Escrow Account minimum 50% of royalty receipts	4463.52	5055.78	5055.78	8391.95	10137.70
4. Interest estimated for 2013-14 to 2015-16 @ 5%	0	0	0.08	252.87	297.06
5. Withdrawal from Escrow Account for creation of infrastructure assets	4465	5055	0	7761	10137
6. Closing Balance (1+3+4-5)	**0.75**	**1.52**	**5057.38**	**5941.19**	**6238.95**

As per the above table, the balance in the Escrow Account at the end of the financial year 2015-16 is estimated to be ₹6,238.95 lakhs.

(iv). Clause 2.13. 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.

The existing Scale of Rates of VOCPT approved in October 2011 was based on the estimated position for the years 2011-12 and 2012-13. Thus, actuals for the years 2011-12 and 2012-13 are to be analysed with reference to the estimates to assess the performance of VOCPT during the said two years. During the last tariff revision, the estimated cost position (excluding the dredging activity and the railway activity) was analysed to determine the tariff of the VOCPT. Hence, the same approach is followed for assessing the actual performance for the past period. The analysis relating to past period performance is discussed below:

(a). The VOCPT has confirmed that no rebate has been granted for the period from 2011-12 to 2012-13. This means the income reported in the Annual Accounts is based on the rates approved by this Authority. The actual income as reported in the Annual Accounts excluding the income from railway and income from special rate for dredging reported under Port and Dock facility is considered.

(b). Of the actual royalty income reported in the Annual Accounts, 50% of the royalty income is considered as the cargo handling income and the balance 50% is transferred to the Escrow account in line with the approach followed in the last Order. The inflow of royalty/ revenue share receipts and its deployment to meet the capital expenditure is explained in the previous paragraph.

It is relevant here to state that during the last tariff cycle the VOCPT to our specific query about the revenue share income, Upfront payment, license fee from the projects already commissioned or likely to be commissioned with reference to the upfront tariff Order passed by this Authority had then clarified that all the PPP Projects are expected to be commissioned in the subsequent tariff cycle. The VOCPT has now reported upfront amount of ₹5 crores received from the Container Terminal BOT Operator of Berth No.VIII as per Concession Agreement. The VOCPT has clarified that same has been captured as revenue receipt in the year 2012-13 under the cargo handling income as per the accounting policy of the Port uniformly followed for all the years. Since the Annual Accounts of the VOCPT is reported to have accounted upfront payment from Berth No

VIII, the same is considered in the cost statement prepared for the past period of 2011-12 and 2012-13.

(c). The income from the special rate approved by this Authority for capital dredging, depreciation and capital employed on the concerned capital dredging reported in the relevant Annual Accounts are excluded from the port and dock income/ expenditure for a like to like comparison in line with the estimates considered in the last tariff Order and as done by the VOCPT also. The actual income earned from the expense related to the dredging levy is captured in a separate cost statement prepared relating to dredging activity, which is discussed in the subsequent paragraphs.

(d). During the last tariff revision, the VOCPT had estimated contribution to Pension Fund at ₹400 lakhs per annum stating that it is the amount estimated @ 15% of salaries and wages and 8.33% towards gratuity. The estimate of contribution to Pension/ Gratuity Fund then furnished by the VOCPT was considered in the last tariff Order.

The Annual Accounts for the years 2011-12 and 2012-13 report contribution to the Pension/ Gratuity Fund at a higher level to the tune of ₹2,009.44 lakhs and ₹2,010.37 lakhs respectively and pension payments are reported at ₹2,328.13 lakhs and ₹2,564.28 lakhs respectively. The VOCPT has excluded both the contribution to Pension Fund/ Gratuity Fund as well as Pension payments reported in the Annual Accounts i.e. ₹4,337.57 lakhs and ₹4,574.65 lakhs in the years 2011-12 and 2012-13 respectively from the head "Finance and Miscellaneous Expenses". This means the port has neither considered contribution to Pension/ Gratuity Fund nor has considered Pension Payments as an expense in these two years. When sought clarification, the VOCPT has clarified that actuarial valuation is made as on 31st March of each year and only for future, the annual liability would arise and hence the same is projected for 2013-14 to 2015-16. The VOCPT has not considered necessary to modify the FME considered in the cost statement for the years 2011-12 and 2012-13.

It is relevant here to state that in tariff fixation exercise, pension either by way of annual contribution to pension fund or by way of actual payment to the extent it is not drawn from pension fund is allowed as pass through.

Thus, the actual contribution made by the VOCPT to the Pension Fund as reported in the Annual Accounts at ₹2,009.44 lakhs and ₹2,010.37 lakhs in the years 2011-12 and 2012-13 respectively is considered in line with the approach followed by this Authority in other tariff cases.

(e). Interest income is excluded from the Finance and Miscellaneous Income maintaining the position followed in the last tariff Order. The Annual Accounts under the head FMI and FME show a separate entry relating to income and expense from specific fund other than the pension fund, gratuity fund, etc., i.e. pertaining to Family Security Fund, General Insurance Fund, Welfare Fund. The VOCPT had excluded the income and expense relating to these specific funds in the last tariff Order which was accepted by this Authority. It is the settled position that interest income from specific funds like the escrow account, general reserve, etc., are to be excluded from FMI in the tariff computation. Since the said items are related to specific funds, the treatment given by the VOCPT is recognised. Since the income from the specific funds are excluded, the relevant FME expenses relating to these funds are also excluded.

(f). The depreciation policy followed by the Port and the net fixed assets in the Annual Accounts are reportedly based on the life norms prescribed by the Government. However, in order to comply with the clause 2.7.1. of the tariff guidelines, the VOCPT has considered the depreciation based on the depreciation rate prescribed in the Companies Act. This is in line with the approach followed in the last Order. Net fixed asset value based on depreciation as per Companies Act is separately maintained by the port. Thus, the net fixed assets furnished by the VOCPT cannot be matched with the net fixed assets reported in its Annual Accounts for the years 2011-12 and 2012-13. The depreciation and net fixed assets for the years 2011-12 and 2012-13 as furnished by the VOCPT are relied upon in this analysis. The net fixed assets pertaining to capital dredging activity and railways have been excluded in line with the approach followed in the last tariff Order.

(g). The net fixed assets for the year 2011-12 furnished by the VOCPT is ₹866.63 crores and ₹671.50 crores for the year 2012-13 which excludes net fixed assets relating to railways as the cost statement in the last tariff revision excluded railway activity. The net fixed assets relating to dredging (for which special levy was approved) to the tune of ₹222.19 crores and ₹218.10 crores is excluded in line with the approach followed in the last tariff Order since it is captured in the cost statement relating to the dredging activity. Thus, the net fixed assets excluding capital dredging for which special levy was approved comes to ₹644.44 crores and ₹453.40 crores in the years 2011-12 and 2012-13 respectively.

During the last tariff revision, as stated in para 17(ix)(e) of the Order, the VOCPT had intimated that out of project cost of ₹538 crores relating to dredging the channel and dock basin to 12.80 mtrs., 35% of the project cost i.e. ₹188.30 crores will be sanctioned by Government as Grant and balance ₹349.70 crores was proposed to be met from internal resources and partly from the Escrow Account.

The VOCPT has clarified that in actual terms the Grant has been received from the Government in phases i.e. ₹100.13 crores in January 2013, ₹24.50 crores in March 2013 and ₹40.50 crores in July 2013 i.e. aggregating to ₹165.13 crores. The Port has stated on receipt of grant from the Government, ₹124.63 crores has reduced from the Gross block of Capital Dredging in the year 2011-12 and ₹40.50 crores in the year 2012-13 and depreciation has been considered for the reduced gross value only. Thus, the net fixed assets reported by the VOCPT in the years 2011-12 and 2012-13 exclude the asset value to the extent funded by the Government in the respective years.

In cases where grants are received from the Government against investment in the fixed assets, the Billimoria Report (adopted by the Major Port Trusts) for accounting/ financial reporting allow the port trusts to either adjust it to the cost of the fixed asset or to transfer it to a separate reserve account for adjustment with the revenue in proportion to the depreciation charge. In the case of Cochin Port Trust, where part of the dredging cost was to be financed by the Government, the return on that part was not allowed but the port had added the Government funded component to the gross block and claimed depreciation which was allowed. In the instant case, the port has adopted the former approach prescribed in the Billimoria Report. It has excluded the part of the capital cost financed by the Government by way of grant in aid from the gross block itself. The port has not claimed depreciation as well as return on that part of the cost from the year when the grant is received. The approach followed by the VOCPT is in line with the approach followed in the last Order and hence considered in the analysis.

Whilst the VOCPT has proposed deployment of funds from the Escrow Account to the tune of ₹44.65 crores in the year 2011-12 and ₹50.55 crores in the year 2012-13 to meet part of the capex relating to the dredging the dock basin and channel to 12.8 mtrs., the port has not excluded net fixed assets funded from Escrow Account for ROCE computation.

With reference to the amount spent from Escrow Account, the port is not entitled to claim return on assets proposed to be funded from Escrow Account as per clause 2.8.3. of the tariff guidelines.

In our analysis, the net fixed assets funded from escrow account for the past till 2010-11 as well as net fixed assets funded from Escrow Account for the years 2011-12 and 2012-13 are excluded from the capital employed for allowing return in line with the tariff guidelines and the approach followed in the last tariff Order.

(h). Though VOCPT has confirmed that it has estimated the working capital as per tariff guidelines, the estimation of sundry debtors and the cash balance under the current assets furnished by the port are not found to be in line with norms prescribed under Clause 2.9.9. of the tariff guidelines. The estimates of sundry debtors and cash balance are, therefore, modified in line with the tariff guidelines. If the current liabilities reported in the Annual Accounts for the years 2011-12 and 2012-13 are compared with admissible elements of current assets, 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 2011-12 to 2012-13.

(i). In view of the foregoing analysis, the modified capital employed based on actuals is considered at ₹444.91 crores and ₹207.07 crores in the years 2011-12 and 2012-13 respectively.

(j). The VOCPT has classified capital employed (excluding the dredging activity) into business assets and business related assets for the years 2011-12 and 2012-13. These are suitably modified to the extent the capital employed is modified.

(k). Clause 2.9.10 of the tariff guidelines allows maximum permissible Return for capacity utilisation of 60% and above. The actual capacity as furnished by VOCPT other than the capacity of the BOT operators is 240.81 lakhs tonnes each for the years 2011-12 and 2012-13. Taking into account the actual traffic handled by VOCPT (excluding traffic of BOT berths) during the said years, the capacity utilization with reference to the capacity of the port works out to 77.2% and 79% respectively. Hence, the VOCPT is entitled for maximum permissible Return of 16% on the business assets for these years. Return on business related assets is considered at 8.2% as allowed in the last tariff Order.

(v). A copy of the cost statement analysing the actual vis-à-vis estimates for the past period 2011-12 to 2012-13 is attached as **Annex - I**. 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 2011-12 to 2012-13 in absolute terms (₹ in lakhs)		Variation in %
	Estimates as per tariff Order	Actuals	
Traffic (in lakh tonnes)	384.03	376.13	-2.1%
Operating Income	45,294.11	48,334.88	6.7%
Total Expenses (including depreciation)	**23,938.64**	**30,421.85**	27.1%

Particulars	Aggregate for the years 2011-12 to 2012-13 in absolute terms (₹ in lakhs)		Variation in %
	Estimates as per tariff Order	Actuals	
Surplus/ deficit before Return	**21,355.48**	**17,913.03**	-16.1%
Capital Employed (Average)	52,922.23	32,599.29	-38.4%
Admissible Return on Capital Employed	16,811.95	10,308.60	-38.7%
Net Surplus after admissible ROCE	4,543. 53 **	7,604.44	67.4%

** The net surplus assessed in the last tariff Order to the tune of ₹4,543.55 lakhs was transferred to the dredging activity to meet the shortfall therein.

(a). The aggregate of the actual traffic handled by VOCPT during the two years period from 2011-12 to 2012-13 works out to 376.13 lakhs tonnes as against the estimated traffic of 384.03 lakh tonnes, registering a marginal negative variation of 2.1%.

(b). The Operating income shows an aggregate increase of 6.7% over the estimated income despite 2.1% reduction in the actual traffic vis-à-vis the estimates for these two years. This might be because of ₹5 crores upfront amount captured as revenue in the year 2012-13.

(c). The variation in the actual total expenses is 27.1% vis-à-vis the estimates considered in the last tariff Order for the two years. The capital employed shows a reduction of 38.4% over the estimates allowed in the last tariff Order. The variation is attributable to the variation in additions to the gross block of assets estimated by the VOCPT in the last tariff Order vis-à-vis the actual additions to the gross block. It is seen that during the last tariff revision, total net additions to the tune of ₹442.17 crores was allowed on estimate basis in the tariff fixation after excluding ₹188.30 crores of grant expected to be received from the Government for capital dredging as stated by the VOCPT. As against that, the actual additions reported by the VOCPT is ₹230.66 crores after the VOCPT excluded ₹124.67 crores of grant received from the Government in the year 2012-13 for the said dredging project from its Gross block.

(d). The VOCPT has earned an additional surplus of ₹9,361.31 lakhs and ₹8,551.72 lakhs for the years 2011-12 and 2012-13 respectively aggregating to ₹17,913.03 lakhs. The average of the actual surplus is seen to be ₹8,956.52 lakhs. If the average actual surplus is seen as a percentage of average actual capital employed of ₹32,599.29 lakhs for the said two years, it works out to 27%. The above details are given in the following table:

(**₹ in lakhs**)

Particulars	2011-12	2012-13	Average
Actual Surplus before Return earned by VOCPT	9,361.31	8,551.72	8,956.52
Actual Capital Employed	44,491.33	20,707.25	32,599.29
Actual Return Earned on capital employed (Rounded off)	21%	41%	27%

As per clause 2.13 of the tariff guidelines, if review of actual physical and financial performance for the previous tariff cycle shows the variation of more than + or – 20%, then 50% of such accrued benefit / loss has to be adjusted in the next tariff cycle.

As can be seen from the above table, the actual return earned by the VOCPT during the said two years is 27% as against the maximum eligible return of 16% allowed in the last tariff Order. The variation in the actual performance is found to be more than + 20%. Therefore, in terms of the stipulation contained in Clause 2.13, there is a case to adjust 50% of the past surplus pertaining to the years 2011-12 to 2012-13.

Accordingly, 50% of the actual surplus assessed for the years 2011-12 and 2012-13 i.e. ₹3,802.22 lakhs is to be considered for adjustment. As stated earlier, even during the last tariff revision Order, the revenue surplus of ₹4,543.52 lakhs estimated for the years 2011-12 to 2012-13 was transferred to offset the deficit in the dredging activity. The said actual surplus of 50% i.e. ₹3802.22 lakhs is, therefore, transferred to offset the deficit in dredging activity, following the approach adopted in the last tariff Order. It is to be noted here that the remaining additional surplus of ₹3802.22 lakhs is allowed to be retained by the VOCPT, as per tariff guideline provision.

(vi). (a). The validity of the existing Scale of Rates of VOCPT has been extended beyond 31 March 2013 subject to the condition that the surplus over and above the admissible cost and permissible return accruing to VOCPT for the period after 1 April 2013 will be set-off fully, in the tariff to be fixed for the next cycle. This position is being dealt in the subsequent part of the analysis.

(b). It is relevant here to state that the Scale of Rates of VOCPT approved by this Authority vide Order No.TAMP/9/2010-TPT dated 11 October 2011 states that the levy of the Special Rate for Capital Dredging (prescribed in schedule 2.5) and Pension Fund Levy for deployment of labour from the V.O. Chidambaranar Cargo Handling Labour Pool (prescribed in schedule 6.2. of the SOR of the VOCPT) should cease to be applicable from 1 April 2013. However, the VOCPT vide its letter dated 22 April 2013 had requested this Authority to extend the validity of the SOR including the validity of the special rate for capital dredging and Pension Fund Levy for Cargo Handling Division approved by this Authority.

(c). As regards the Pension Fund Levy for VOCPT CHLP, this Authority based on the position analysed in para 12 (xiv) of the Order No.TAMP/30/2009-TPT dated 11 October 2011 relating to levy approved for labour deployed from Cargo Handling Labour Pool which required the shortfall in the Pension Fund Liability to be recovered over five years, granted extension to the Pension Fund Levy for deployment of labour from the VOCPT CHLP beyond 31 March 2013 co-terminus with the extension of the validity of its SOR.

(d). As regards the special rate for dredging levy, it is relevant to state that most of the users/ users association had pointed out that as per the Scale of Rates last approved by this Authority, the dredging levy should cease from 1 April 2014. However, the February/ March 2013 proposal of the VOCPT proposed to continue with the special rate for dredging in the existing Scale of Rates as well. Hence, the users had strongly objected its proposal and suggested to discontinue the levy from 1 April 2014. The VOCPT had, however, while seeking extension of validity of its existing Scale of Rates till its general revision proposal is finalized, categorically emphasized that even if the existing dredging levy is allowed to continue in the current tariff cycle, the cost statement for dredging activity reflects unrecovered deficit of ₹26.90 crores at the end of proposed tariff revision cycle (31 March 2016) and hence sought to justify that there is a need to extend the special rate for dredging also while extending the validity of its Scale of Rates. Relying on the submissions made by the VOCPT and the cost statement for the dredging activity as per its proposal dated 28 February 2013, this Authority while granting extension to the SOR of the

VOCPT also extended the validity of the special rate for capital dredging beyond 31 March 2013 co-terminus with the extension of the validity of its SOR.

(vii). (a). Before proceeding with the analysis of the cost statement for general revision of the Scale of Rates of the VOCPT, the cost statement relating to the dredging activity is analysed. By the time the Order passed in the case is implemented, it would be around October 2014. Therefore, the actual income and expense relating to the dredging activity for the years 2011-12 and 2012-13 and also the estimates for the years 2013-14 till 30 September 2014 is analysed as part of the dredging activity. For the period subsequent to 30 September 2014, the income, expense and the capital employed relating the dredging activity is captured in the activity wise cost of the port and dock facility and forms part of the consolidated cost statement for the reasons explained in the foregoing paragraphs.

(b). The special rate for dredging was initially approved in the year 2000 mainly to meet the debt servicing liability relating to the capital dredging project executed to increase the draft to 10.7 meters. The VOCPT had availed a total loan of ₹60,261.30 lakhs (Japan Yen loan) in the years 1999-2000 and 2000-2001 to finance the capital dredging project. During the tariff Order of July 2008, the VOCPT had reported that Japan Yen loan was foreclosed in January 2005. The outstanding loan amount at the time of closure of the Japan Bank International Co-operation (JBIC) loan account was reported at ₹255.97 crores by the VOCPT. A fresh loan of ₹182.06 crores was availed from the Industrial Development Bank of India (IDBI) to repay part of the Japan Yen loan. The balance of the outstanding foreign currency loan was also paid out of the reserves maintained by the port. In the tariff Order of July 2008, it was assessed that ₹58.20 crores was utilised from the internal resources/ reserves of the port for repayment of old loan. Hence, return on the funds deployed from the own resources was considered in the cost statement. The main modification/ analysis relating to the cost statement of the dredging activity is explained hereunder:

(i). The VOCPT has furnished a separate cost statement for dredging activity for the years 2011-12 and 2012-13 at actuals and estimates for the years 2013-14 to 2015-16. In the cost statement prepared by us, the cost position of the dredging activity based on actuals for the years 2004-05 i.e. from 19.1.2005 (IDBI loan was taken by the VOCPT) till 2010-11 as given in the last tariff Order is reflected. Further, the actuals for the years 2011-12 and 2012-13 and estimates for the years 2013-14 and 2014-15 upto September 2014 are considered.

(ii). The income from the dredging levy for the years 2011-12 and 2012-13 is considered at the level reported by the VOCPT. For the years 2013-14 to 2015-16, the VOCPT has estimated income from dredging levy at ₹2,111.98 lakhs, ₹2,487.67 lakhs and ₹3,481.49 lakhs for the corresponding years. As stated earlier, in the cost statement prepared by us, the estimates from the date of extension granted to the special rate for dredging i.e. from 1 April 2013 till 30 September 2014 is considered. Thus, the income as estimated by the VOCPT for the year 2013-14 and income estimated for the year 2014-15 after prorata adjustment for six months for the year 2014-15 is considered.

The income estimates of special rate for dredging are relied upon and considered except for updating the foreign exchange rate considered by the VOCPT for estimating this income. The VOCPT has considered a foreign exchange rate of ₹60.19 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 to be considered uniformly for all the years under consideration.

The average dollar exchange rate for the year 2013-14 is 1US$ = ₹60.35. The vessel related income from the foreign going vessels for the year 2013-14 is updated to reflect the average exchange rate for the year 2013-14. For the period 2014-15 upto September 2014, an exchange rate of ₹60.09 per US$ is considered as prevailing at the time of concluding the analysis of this case.

The special rate for dredging is applicable on the vessel related income (port dues, pilotage and berth hire) both for foreign and coastal categories of vessels. The VOCPT has, however, not furnished breakup of the income from the special rate for dredging foreign and coastal categories of vessel. Based on the breakup of income from foreign and coastal vessel estimated for port dues, pilotage and berth hire, the ratio comes to around 86% from foreign going vessel and around 14% from coastal vessel income. The above ratio is applied while modifying the income estimation from the special rate for dredging for updation in the foreign exchange rate as explained above.

(iii). Depreciation is considered at ₹408.82 lakhs per annum as considered by the VOCPT for the years 2011-12 to 2012-13 and estimates for 2013-14 and 2014-15. For the year 2014-15, the depreciation is considered pro rata for six months for the reasons explained earlier.

(iv). The capital dredging of berth no.VIII to the tune of ₹41.75 crores was financed from own resources at the port in the year 2003-04. At the request of the VOCPT, the special rate for dredging was extended to berth no.VIII as well. Since, capital dredging on berth no.VIII is funded from own resources, the VOCPT has considered return @ 16% on the net capital dredging at Berth no.VIII in line with the approach followed in the last tariff Order for the years 2011-12 to 2015-16. ROCE @ 16% is considered in our cost statement for the years 2013-14 and 2014-15 except for moderation in the year 2014-15 wherein return is proportionately considered for six months upto September 2014.

(v). The debt servicing liability of the IDBI loan taken in January 2005 involving quarterly repayment of the principal and interest @ 6.50 was for seven years i.e. till the year 2011-12. The annualized debt servicing liability of the IDBI loan for the year 2011-12 is considered at ₹3,095 lakhs at the level considered by the VOCPT in the last tariff Order as well as in the cost statement in the current proceedings.

(vi). As stated earlier, the funds deployed by the VOCPT from its reserves for repayment of the JBIC loan was assessed to the tune of ₹58.20 crores in the tariff Order of July 2008 and ROCE @ 16% was allowed in the last tariff Order on written down value. The same approach is followed for the years 2011-12 to 2012-13 actuals and estimates of 2013-14 to 2014-15 (upto September 2014).

(vii). Subject to the above modification the deficit in the dredging activity for the years 2011-12 and 2012-13 based on actuals comes to ₹3,287.67 lakhs as against ₹3,689.42 lakhs estimated in the last tariff Order for the corresponding period. For the period 2013-14 and 2014-15 (upto September) there is marginal surplus of ₹280.68 lakhs and ₹340.65 lakhs respectively. The aggregate deficit for the period 2011-12 to 2012-13 based on actuals and estimates for the years 2013-14 and 2014-15 upto 30 September comes to ₹2,666.34 lakhs.

The total deficit in the dredging activity for the period 2004-05 (from 19.01.2005) till 2010-11 based on actuals as assessed in the last tariff Order at ₹2,889.90 lakhs and deficit in dredging activity based on actuals for the year 2011-12 and 2012-13 and estimates for the years 2013-14 and 2014-15 (upto September 2014) assessed in the current tariff cycle at ₹2,666.34 lakhs aggregating to ₹5,556.24 lakhs.

During the last tariff Order it was observed that if at the time of next review that the actual position in the capital dredging activity varies substantially from the position considered herein, the additional financial gain accrued therefrom will be fully set off in next tariff revision/ review. It is seen that based on 2011-12 and 2012-13 actuals the dredging activity shows an aggregate deficit of ₹3,287.67 lakhs for the two years as against ₹3,689.42 lakhs estimated in the last Order for the corresponding period. Since the dredging activity was in deficit on actual basis during the years 2011-12 and 2012-13, the question of adjustment of additional financial gain does not arise.

(viii). In the last tariff Order, the deficit of ₹2,889.89 lakhs assessed for the period 2004-05 (after 19.01.2005) till 2010-11 based on actuals and deficit in dredging activity estimated for the year 2011-12 and 2012-13 at ₹3,689.42 lakhs aggregating ₹6,579.32 lakhs was adjusted against the revenue surplus of ₹4,543.55 lakhs estimated for the years 2011-12 and 2012-13 and actual surplus of ₹378.87 lakhs assessed in the estate activity for the years 2008-09 and 2009-10. It is seen that the VOCPT has not made the adjustment of the surplus (except ₹378.87 lakhs) assessed as done in the last tariff Order while preparing the cost statement for dredging activity.

In the modified cost statement prepared by us in line with the approach followed in the last tariff Order, surplus of ₹378.87 lakhs assessed in the estate activity for the years 2008-09 and 2009-10 is adjusted against the dredging activity. As stated earlier, based on analysis for the actual vis-à-vis estimates for the years 2011-12 and 2012-13, as per the stipulation in clause 2.13 of the tariff guidelines, 50% of the actual surplus assessed for the years 2011-12 and 2012-13 i.e. ₹3,802.23 lakhs is also transferred to the dredging activity. This leaves, ₹1,375.14 lakhs deficit in the dredging activity as on 30 September 2014.

As can be seen from the analysis of the estimated cost position for the years 2013-14 to 2015-16, the overall port operations reflects surplus position. Therefore, it is found appropriate to adjust the remaining deficit of ₹1,375.14 lakhs in the dredging activity from the estimated revenue surplus assessed for the years 2013-14 to 2015-16 in this tariff cycle.

Subject to the above modification, the cost position for the capital dredging activity for the years 2004-05 to 2012-13 based on actuals and estimates for the period 2013-14 and 2014-15 upto September 2014 at the existing rate of dredging levy shows nil surplus / deficit. The cost statement relating to the capital dredging activity is attached as **Annex - II**.

A summary of the cost position relating to the capital dredging activity is given below:

(**₹ in lakhs**)

Sr. No.	**Particulars**	**Past period 19.1.05 till 2010-11 (Actuals)**	**Actuals 2011-12 & 2012-13 and Estimates for 2013-14 to 2014-15 (Upto September)**	**Total**
(i).	Deficit in the dredging Account	-24027.92	-2666.34	-26694.27
(ii).	Deficit to be met from revenue surplus in the general activity for the past period (2002-03 to 2007-08) and for the period 2008-09 to 2010-11 as considered in the last tariff Order of October 2011	21138.03	Nil	21138.03
(iii).	Estimated balance deficit in the dredging account	-2889.90	-2666.34	-5556.24
(iv).	Adjust actual Surplus in the estate activity for the years 2008-09 and 2009-10 as considered in the last tariff Order			378.87
(v).	Adjust 50% of the actual revenue surplus for the years 2011-12 and 2012-13 assessed in the current Order			3802.23
(vi).	Balance deficit in the dredging activity to be met from the surplus estimated in the current tariff cycle			1375.14
(vii).	Remaining deficit in the dredging activity			Nil

Based on the above analysis, the deficit in the dredging activity will be nil by 30 September 2014. In fact, as brought out in earlier paragraphs, most of the users/ user associations like Tuticorin Ship Agents' Association (TSAA), Tuticorin Stevedores

Association (TSA), SHV LPG India Private Limited (SLIPL), etc., have strongly objected the proposal of the VOCPT to continue with the special rate for dredging and have requested to discontinue the same. Based on the above table, the cost position of dredging activity as on 30 September 2014 reflects nil surplus/ deficit and hence the existing special rate for the dredging is discontinued from 1 October 2014. Incidentally, it is noteworthy that remaining deficit even after adjustment of 50% of the additional surplus as per tariff guidelines for the years 2011-12 and 2012-13 assessed now, justifies the extension of validity of special dredging levy beyond 31 March 2013.

Since the years 2013-14 and 2014-15 upto September is based on estimates, the estimates will be reviewed with reference to actuals during the next tariff cycle and variation, if any, will be adjusted as per the applicable tariff guidelines.

(viii). The overall traffic estimated by the VOCPT is 302.0 lakhs tonnes, 337.42 lakhs tonnes and 496.34 lakh tonnes for the years 2013-14 to 2015-16 respectively which includes the traffic expected to be handled by the existing BOT operator viz. PSA SICAL as well as other BOT operators at North Cargo Berth (NCB) – II, III, IV, Shallow Draft Berth (SDB) for cement and SDB for construction material reportedly expected to commence the operations during this tariff cycle.

The traffic exclusive of the port (excluding the traffic related to BOT berths) is estimated at 204.84 lakhs tonnes, 210.46 lakhs tonnes and 210.50 lakh tonnes for the years 2013-14 to 2015-16 respectively as against actual traffic exclusively of the port reported at 190.84 lakhs tonnes for the year 2012-13. The traffic projections for the years 2013-14 to 2015-16 is estimated to grow at about 7.6% during the year 2013-14 over the actuals for the year 2012-13 and 2.7% growth is estimated in the traffic during the year 2014-15 over the estimates of 2013-14. For the year 2015-16, the traffic is estimated almost at the same level as for the immediate previous year 2014-15.

The VOCPT has stated that traffic projections are estimated based on the expected development of future PPP Projects considering the five year plan and annual plan. The VOCPT has, however, not furnished relevant document in support of its statement and hence the traffic projections could not be verified with the five year plan. A copy of five year plan stated to have been furnished by the VOCPT pertains to various capital expenditure schemes for the 12th plan and not with reference to traffic projections.

It is seen that the coal traffic is projected to increase by 4% in the year 2013-14 over the actuals of 2012-13 and a reduction of 13% is estimated in the year 2014-15 over the estimates of 2012-14. For the year 2015-16, the port has estimated coal traffic at the level of 2014-15. The reduction of 13% anticipated in the coal traffic is attributed to anticipated shift of Industrial Coal to NCB-II in 2014-15. The port has stated coal traffic will not increase until further expansion of Tamil Nadu Electricity Board (TNEB) take place.

The port has projected 1% reduction in the traffic of Fertiliser and Fertiliser Raw materials for the year 2013-14. For the years 2014-15 and 2015-16, the fertilizer traffic is estimated at the level of 2013-14. The port has clarified that actual traffic of this cargo has reduced in the year 2012-13 by almost 50% due to non-functioning of M/s.SPIC. As regards copper concentrate and POL, the port has anticipated 1% and 12% growth respectively in the year 2013-14 and for the years 2014-15 and 2015-16 the traffic for these two cargo items is maintained at the level of 2013-14 without any growth.

It is relevant here to mention that none of the user/ user organizations have objected to the traffic forecasts made by VOCPT. Also, this Authority does not carry out any independent study so as to determine the likely traffic at a port/ private terminal. Since the traffic projections for the years 2013-14 to 2015-16 is reported to have been based on the present scenario, and taking into consideration commencement of the PPP Projects during this tariff cycle the traffic forecasts for the years 2013-14 to 2015-16 as furnished by VOCPT is relied upon for the purpose of this analysis.

If any undue advantage is found to have accrued to the VOCPT due to wrong estimation or due to relying on the presumption of the VOCPT adjustment will be made in the tariff at the time of next tariff review as per applicable tariff guidelines.

(ix). The Cargo handling income estimates have been furnished by VOCPT at ₹14,616 lakhs, ₹18,495.64 lakhs and ₹21,001.39 lakhs for the years 2013-14 to 2015-16 respectively.

It is seen that the income from cargo handling activity other than the royalty/ revenue share income is commensurate to the growth projected in the traffic.

The Cargo handling income estimated by the VOCPT is inclusive of the 50% of the estimated royalty/ revenue share receivable by the VOCPT from its BOT operator viz., PSA SICAL and other BOT Operators expected to commence the operations during this tariff cycle.

The port has furnished the breakup of license fee and royalty/ revenue share income estimated from the existing Container Terminal operator PSASICAL and other BOT operators of berth No VIII, NCB- II, III, IV, SDB (Cement) and SDB (construction material) anticipated to commence the operations during this tariff cycle.

The VOCPT has estimated royalty/ revenue share receipts of ₹10,111.55 lakhs, ₹16,783.89 lakhs and ₹20,275.40 lakhs. As brought out earlier, the VOCPT has considered the 50% of the total royalty/ revenue share receipt amounting to ₹5,055.78 lakhs, ₹8,391.95 lakhs and ₹10,137.50 lakhs as part of the Cargo handling income during the years 2013-14 to 2015-16 respectively and balance 50% of the royalty/ revenue share receipts is transferred to the Escrow account as explained earlier.

As stated earlier, the VOCPT has confirmed that all the PPP projects envisaged in its proposal will commence during this tariff cycle. The position reported by VOCPT is relied upon and 50% of the royalty/ revenue share receipts is treated as revenue under the cargo handling activity in line with the approach followed by the VOCPT.

The license fee from the BOT operators of Berth No.VIII and NCB- II is estimated at ₹225.24 lakhs for each of the years 2013-14 to 2015-16. The said estimated license fee is reportedly considered under the cargo handling income. It is relevant to state that since the license fee for project is with reference to storage area provided inside the green gate and license (storage) fee prescribed in the general revision of the Scale of Rates is applicable. Hence, the approach adopted by the VOCPT of considering it as part of the cargo handling income is found to be appropriate and considered therein.

The VOCPT has separately furnished the estimated license fee from other BOT operators of NCB – III, IV and Shallow Draught Berth (Cement) at ₹288.77 lakhs for the year 2014-15 and ₹1,172.39 lakhs for the year 2015-16. The port has stated that the above mentioned license fee is not captured in the cost statement filed by it in October 2013 and hence has requested this Authority to consider it under the cargo handling income.

On perusing the working of the license fee considered by the VOCPT it is seen that the unit rate of license fee applied by VOCPT is with reference to lease rental recently approved by this Authority for VOCPT estate rental vide Order No.TAMP/6/2012-VOCPT dated 4 April 2014 and not with reference to the license (storage) fee for transit cargo prescribed in the general Scale of Rates of the Port. Hence, the license fee of ₹288.77 lakhs and ₹1,172.39 lakhs is captured as part of the income from the estate activity. It is relevant to mention that the above mentioned income includes the effect of annual escalation of 2% as applicable in the estate rentals approved by this Authority.

Based on the above analysis, the estimated cargo handling income as estimated by the port is relied upon in the analysis.

(x). The growth estimated in the vessel traffic of the VOCPT reportedly includes the vessel traffic of the existing BOT operators as well as those likely to commence the operations during this period. The overall vessel traffic anticipated by the VOCPT shows growth of 14%, 9% and 9% during the years 2013-14 to 2015-16 over the actuals/ estimates of the respective previous years. The vessel related income estimated by the VOCPT including the income from the special dredging levy is ₹11,054.49 lakhs, ₹12,287.88 lakhs and ₹14,943.39 lakhs for the years 2013-14 to 2015-16 respectively. The vessel related income excluding the income from the special dredging levy is estimated at ₹8,942.51 lakhs, ₹9,800.21 lakhs and ₹11,461.90 lakhs for the corresponding period. The increase in the vessel related income works out to 8%, 10% and 17% for the years 2013-14 to 2015-16 respectively over the actual/ estimated income of the respective previous years. This is comparable with the growth estimated in the vessel traffic. The vessel related income furnished by the VOCPT is, therefore, considered in the analysis subject to the updation with reference to the foreign exchange rate considered by the VOCPT.

The income estimated by VOCPT from special rate for dredging for the years 2013-14 and 2014-15 (upto September 2014) is captured in the cost statement relating to the dredging activity subject to updation in foreign exchange rate which is already explained in the preceding paragraphs.

The VOCPT has estimated vessel related income from foreign going vessel applying the exchange rate of 1US$=60.19. The average exchange rate for the year 2013-14 is 1US$=60.35. Hence, the vessel related income for the foreign going vessel is modified to the extent of variation in the dollar exchange rate for the year 2013-14 i.e. 1US$ = ₹60.35 as against 1US$ = ₹60.19 considered by the VOCPT. For the years 2014-15 and 2015-16, the vessel related income from foreign going vessel estimated by the VOCPT is modified applying an exchange rate of 1US$ = ₹60.09 as prevailing at the time of concluding the analysis of this case.

Subject to the above modifications, vessel related income excluding the income from the dredging levy is considered at ₹8,962.87 lakhs, ₹9,786.27 lakhs and ₹11,445.59 lakhs for the years 2013-14 to 2015-16 respectively.

(xi). The VOCPT has estimated the income from the estate activity at ₹1,058.03 lakhs uniformly for each of the years 2013-14 to 2015-16 as against actual income reported for the years 2012-13 at ₹1,095.81 lakhs.

It is relevant here to mention that this Authority has recently passed an Order No.TAMP/6/2012-VOCPT dated 4 April 2014 revising the lease rental of the VOCPT lands for two quinquenniums viz. 1 July 2007 to 30 June 2012 and 1 July 2012 to 30 June 2017. The increase approved in the said Order is to the tune of 164%, 185%, and 167% in service/ residential, industrial and commercial categories in Zone A and Zone B (port related) as against uniform increase 172%

for the corresponding categories in Zone A and Zone B (port related) proposed by the VOCPT as on 1 July 2007 and the increase granted in the lease rental for the second quinquennium is by 88%.

During the processing of the case, the port has indicated that the additional income is likely to accrue from its lease rental proposal at ₹890.22 lakhs, ₹2,574.46 lakhs and ₹2,622.32 lakhs for the years 2011-12 to 2013-14.

It is seen that the income from the estate activity estimated by the VOCPT at ₹1,058.03 lakhs uniformly for each of the years 2013-14 to 2015-16 is based on the rates prevailing prior to the revision approved in April 2014.

Since the VOCPT has not modified the estimates of the estate rental with reference to the revised lease rental approved by this Authority, the income from the estate activity needs to be revised. But, at the same time, it is not appropriate to apply the percentage increase in the lease rental approved in the last tariff Order in view of the stipulation made in the estate revision Order dated 4 April 2014 that the revised rates are to be made applicable in the cases of the existing lessees / licensees subject to provision for periodic revision of rates agreed in the surviving lease agreements and in those cases of renewal / allotment only if the respective lease agreement or letter of allotment, if no lease deed is still executed, explicitly provides for revision of lease rentals during the currency of the lease period. Further, the average of the increase allowed by this Authority for the quinquennium 1 July 2007 to 30 June 2012 comes to 172% which is comparable to the increase sought by VOCPT. Hence, recognising the additional income from lease rental at the level estimated by VOCPT is not found to be unrealistic. That being so, for the purpose of this analysis, the additional income from the estate rental estimated by the VOCPT for the year 2013-14 i.e. ₹2,622.32 lakhs is considered for the year 2013-14. For the years 2014-15 and 2015-16 as well the additional income likely to accrue from revision in the estate is considered at ₹2,622.32 lakhs per annum subject to annual escalation @ 2% applicable as per the SOR for lease rentals approved by this Authority.

It is seen that the estate income anticipated by the VOCPT does not capture the effect of annual escalation @ 2% as applicable in the Scale of Rates on lease rental/ license fee as per the Government guidelines on Land Policy for Major Ports of 2011. Hence in the estimates modified by us, the impact of 2% annual escalation in the unit rate applicable as per the SOR approved by this Authority is also considered.

As stated earlier, the license fee of ₹288.77 lakhs and ₹1,172.39 lakhs expected to accrue from the BOT operator for the years 2014-15 and 2015-16 is also captured as part of the income from the estate activity. Subject to the above modifications, the revised income from the estate activity considered in the cost statement is ₹3,753.96 lakhs, ₹4,042.73 lakhs and ₹4,926.35 lakhs respectively.

The aggregate of additional income estimated by VOCPT likely to accrue for the years 2011-12 and 2012-13 in view of revision in the estate rentals approved in April 2014 is transferred to the Pension Fund to augment the Pension Fund in view shortfall in the fund balance reported by the VOCPT, as brought out in the later part of this analysis.

(xii). (a). The operating expenditure for the cargo handling activity is projected to increase by 25%, 7% and 8% for the years 2013-14 to 2015-16 respectively over the actuals/ estimates of the respective previous years. The operating expenditure for port and dock facility is projected to increase by 24% and 8% for the years 2013-14 and 2015-16 respectively over the actuals/ estimates of the previous year whereas for the year 2014-15, 14% reduction is estimated in comparison to the estimates of the previous year 2013-14. The operating expenditure for the estate activity is projected to increase by 75%, 7% and 7% for the years 2013-14 to 2015-16 respectively over the actuals/ estimates of the respective previous years. The total management general overhead is projected to increase by 24%, 7% and 7% for the years 2013-14 to 2015-16 respectively over the actuals/ estimates of the respective previous years.

(b). Clause 2.5.1 of the Tariff Guidelines of 2005 which requires that the expense projections of the major ports and terminal operators should be in line with traffic adjusted for price fluctuation with reference to current movement of Wholesale Price Index for all commodities as announced by the Government of India. This Authority has decided to adopt escalation factor of 6% for the expenditure projections in all tariff cases of major ports and private terminals to be decided in the year 2014-15.

(c). Though the case of VOCPT is being decided during the year 2014-15, the expenditure for the years 2013-14 to 2015-16 has been estimated by VOCPT considering the actuals for the year 2012-13 as base. Therefore, an escalation factor of 7% over the actuals for the year 2012-13 (being the escalation factor applicable for the year 2013-14) is considered in the analysis to estimate the expenditure for the year 2013-14 and the escalation factor of 6% is considered in the analysis to estimate the expenditure for the years 2014-15 and 2015-16, over the respective previous years. This is in line with the approach recently approved in the case of International Seaports (Haldia) Pvt. Ltd. (ISHPL), a BOT operator operating berth No.4A of the Haldia Dock Complex (HDC) of Kolkata Port Trust while reviewing its general Scale of Rates.

Accordingly, the escalation factor in the estimation of overall expenses in the vessel related, cargo handling, estate expense, railways and management and general overheads excluding depreciation is allowed maximum at 7% in the year 2013-14 and 6% per annum for the years 2014-15 to 2015-16 over the actuals/ estimates of the respective previous years.

(d). The estimate of operating expenditure for port and dock facility is estimated to reduce by 14% in the year 2014-15 in comparison to the estimates of 2013-14. Steep increase of 24% in the operating expense of the port and dock facility in the year 2013-14 is attributed to the major dry docking expense on MT Thiruvalluvar, ML Bharathi and ML Tuticorin to the tune of ₹10.77 crores considered in the year 2013-14. The port has clarified that this expenditure is not of recurring nature and hence the estimated reduction in the operating expense is anticipated in the year 2014-15. The Revised Estimates for the year 2013-14 also estimated increase in dry docking expense in the year 2013-14 as against 2012-13 actuals towards dry docking on MT Thiruvalluvar and ML Tuticorin. Even during the last tariff revision it has been observed in para 17(xi)(b) that the VOCPT incurs the major expense towards dry docking once in two years. It is, therefore, found justifiable to reckon the dry docking expense estimated at the level of ₹10.77 crores by the VOCPT. However, since this expenditure is not of recurring nature as stated by the VOCPT it is spread over equally in this tariff cycle for three years 2013-14 to 2015-16 assuming the benefit of this expense will be available for the current tariff cycle. Accordingly, in our analysis, the expense of ₹10.77 crores towards major dry docking expense estimated by the VOCPT in the year 2013-14 is spread equally over the three years 2013-14 to 2015-16.

(e). As stated earlier, clause 2.5.1 of the tariff guidelines of 2005 stipulates that the expenditure projections should be in line with traffic projections and adjusted for price fluctuation. The consumption of power and fuel is likely to vary with reference to the traffic growth. It is seen that the power and fuel consumption estimated by VOCPT for the years 2013-14 to 2015-16 does not capture the effect of traffic fluctuation. When pointed out, the VOCPT has clarified that usage of power is only with respect to Wharf Crane and the utilisation of wharf crane is unpredictable due to usage of ship derricks and the volatility of the usage of wharf cranes in the past three years and its estimates are in order.

As regards fuel consumption, the VOCPT has clarified that it is in consonance with traffic projections. The VOCPT has estimated the fuel cost to increase by 20% in the year 2013-14 and 7% during each of the subsequent years. The growth in the traffic estimated by the VOCPT is 8% in the year 2013-14, 2.7% in the year 2014-15 and nil growth in the year 2015-16. The estimate of fuel cost is not found to be in consonance with the growth projected in the traffic. Hence, the fuel cost estimated by the VOCPT is modified to reflect the growth projected in the traffic and also adjusted for annual escalation at the stated level as considered for other tariff items.

(f). The actual repairs and maintenance cost for the year 2012-13 including stores consumed is reported to be ₹3,411.25 lakhs. Applying 7% annual escalation in the year 2013-14 and 6% annual escalation in the subsequent years 2014-15 and 2015-16 as explained earlier, the repairs and maintenance cost will work out to ₹3,650.04 lakhs, ₹3,869.04 lakhs and ₹4,101.18 lakhs for the years 2013-14 to 2015-16 respectively. As against that the repairs and maintenance cost estimated by the VOCPT is at the higher level of ₹3,742.46 lakhs, ₹4,004.43 lakhs and ₹4,284.74 lakhs for the corresponding period. This is done perhaps to capture the effect of repairs and maintenance cost in respect of new additions proposed to the gross block of assets. The total additions to the gross block of assets estimated by the VOCPT is ₹5,540 lakhs, ₹8,418 lakhs and ₹86,300 lakhs for the years 2013-14 to 2015-16 respectively. The actual repairs and maintenance cost as percentage of gross block of assets for the year 2012-13 works out at 3%. If the same percentage is applied on the additions to the gross block of assets excluding the additions on the gross block relating to major capital dredging expense, total Repairs and maintenance comes to ₹3,671.68 lakhs, ₹4,035.24 lakhs and ₹4,276.38 lakhs. The estimate of repairs and maintenance cost by the VOCPT for the years 2014-15 and 2015-16 is found to be reasonable based on the above analysis and hence is accepted at the level considered by the VOCPT. The repairs and maintenance cost for the year 2013-14 based on the above analysis comes to ₹3,671.68 lakhs as against ₹3,742.46 lakhs estimated by the VOCPT. Hence the estimates for the year 2013-14 is moderated and considered at the level of ₹3,671.68 lakhs.

(xiii). Clause 2.7.1 of the revised tariff guidelines stipulates that depreciation would be allowed on the straight-line method following the life norms adopted as per the Companies Act. As stated in the analysis for the past period, for the purpose of tariff fixation the depreciation on assets are computed by the VOCPT as per the Companies Act in line with the provision stipulated in the tariff guidelines. The depreciation furnished by the VOCPT for the years 2013-14 to 2015-16 is relied upon and considered for the purpose of this analysis. However, as stated earlier, the VOCPT has furnished separate cost statement for dredging activity for the years 2013-14 to 2015-16. In the modified cost statement prepared by us, the statement relating to the dredging activity is drawn for the period upto September 2014. That being so, the deprecation on the dredging for half of the year 2014-15 from October 2014 to March 2015 as well as for the year 2015-16 is merged with the depreciation estimated by VOCPT for port and dock facility.

(xiv). The Finance and Miscellaneous Income (FMI) estimated by VOCPT in the consolidated cost statement is ₹786.94 lakhs in 2013-14, ₹794.81 lakhs in the year 2014-15 and ₹802.75 lakhs in the year 2015-16. This excludes the FMI estimated for the railway activity. In the consolidated cost statement prepared by us, the total FMI income including the FMI apportioned to the railway activity is considered. The Finance and Miscellaneous Income (FMI) considered in the modified cost statement is ₹789.90 lakhs, ₹797.81 lakhs and ₹805.78 lakhs for the years 2013-14 and 2015-16 respectively.

(xv). The Finance and Miscellaneous Expenditure (FME) estimated by the VOCPT is ₹884.42 lakhs, ₹946.33 lakhs and ₹1,012.57 lakhs for the years 2013-14 to 2015-16 respectively. This estimate includes contribution to the Pension fund to the tune of ₹676 lakhs for the year 2013-14 which is escalated by 7% per annum for the years 2014-15 and 2015-16 respectively.

As stated earlier, the Annual Accounts of the VOCPT show the contribution to the Pension/ Gratuity Fund to the tune of ₹2,094.44 lakhs in the year 2011-12 and ₹2,010.37 lakhs in the year 2012-13. The pension payments of ₹2,328.13 lakhs and ₹2,564.28 lakhs are also reportedly paid from the revenue account for the corresponding period. As stated earlier, the VOCPT had neither included contribution to pension fund nor the pension payment for the past period 2011-12 and 2012-13. As explained in the paragraphs relating the analysis for the past period, contribution to the Pension Fund has been considered for the years 2011-12 and 2012-13 in line with the general approach followed in other Major Port Trusts of either allowing contribution to the Pension Fund or Pension Payment as expense in tariff fixation exercise.

The Budget Estimates for the years 2013-14 and 2014-15 estimate contribution to the Pension Fund to the tune of ₹2,011.09 lakhs and ₹2,013.19 lakhs respectively. The contribution to the Pension Fund considered by the VOCPT at ₹676 lakhs for the year 2013-14 and escalated by 7% per annum for the years 2014-15 and 2015-16 is found to be significantly lower than the actual contribution to the Pension Fund reported for the years 2011-12 and 2012-13 and the Budget Estimates 2013-14 and 2014-15. The port has not explained any reasons for not considering the estimates as per B.E. when the income and other estimates are based on the Budget Estimates 2013-14. It has to be recognized that the VOCPT has also proposed to introduce a special levy to meet the shortfall in the Pension Fund. If the contribution to the Pension Fund is considered at the reduced level as considered by the VOCPT the shortfall in the Pension Funds vis-à-vis the Pension Fund Liability as per the actuarial valuation may widen and call for further increase in the Pension Fund Levy in the next tariff revision. That being so, the estimate of contribution to the Pension Fund is modified and considered at the level estimated in the Budget Estimates for the years 2013-14 and 2014-15. For the year 2015-16, the contribution to the Pension Fund is maintained at the level of 2014-15.

For the other items of expense under the head FME, the estimates for the year 2013-14 is arrived applying 7% escalation over the actuals for the year 2012-13. It is relevant to state here that the VOCPT has clarified that the actual FME for the year 2012-13 include ₹665.79 lakhs towards arrears of water charges as a result of enhanced rate as per the arbitration award. Whilst this is an operating expense incurred by the VOCPT in the year 2012-13 and is captured for the past period, it is not allowed to be perpetuated in the estimates for the years 2013-14 to 2015-16. The actual FME allowed for the year 2012-13 after excluding ₹665.79 lakhs is escalated by 7% for the year 2013-14. For the subsequent two years, i.e. 2014-15 and 2015-16, 6% annual escalation over the estimates or the respective previous years is considered.

Accordingly, the modified FME considered in the cost statements is ₹2,339.27 lakhs, ₹2,361.16 lakhs, and ₹2,382.04 lakhs for the years 2013-14 to 2015-16 respectively.

(xvi). (a). The VOCPT has proposed additions to its gross block of assets during the years 2013-14 to 2015-16 to the tune of ₹55.40 crores, ₹84.18 crores and ₹863.00 crores respectively. Out of the additions to the gross block of assets proposed by the VOCPT ₹81.18 crores in the year 2014-15 and ₹852 crores in the year 2015-16 is proposed toward dredging in front of NCB- II, III, IV and two SDBs.

With reference to the additions proposed to the gross block during the years 2013-14 to 2015-16, the port has not furnished any documentary evidence despite request. It has, however, furnished the expected year of completion of the major investments, which is tabulated below:

Particulars	Expected year of commissioning	Estimated cost (₹ in crores)
Year 2013-14		
Usage of IT	2013-14	19.75
Installation of VTMS in Tuticorin Port	2013-14	8.80
Decongestion Plan – Phase-I (i) Modification to green Gate entrance	2013-14	14.90
Fix HCF 1600H Rubber Dock fender with jetties	2013-14	4.75
Radiological Detection Equipment		7.20
Major additions for 2013-14		**55.40**
Year 2014-15		
Dredging in front of NCB-II and SDBs	2014-15	81.18
Upgradation of Port Electrical System	2014-15	1.00
Conversion of HT/LT	2014-15	1.00
Auxiliary facilities	2014-15	1.00
Major Additions for 2014-15		**84.18**
Year 2015-16		
Dredging in front of NCB-III,IV, and others		852.00
Modernisation of Railway Track within the Port Limit		11.00
Major Additions for 2015-16		**863.00**

The VOCPT has confirmed that except Capital Dredging Project, and Procurement of High powered tug, all other schemes proposed are within the delegated powers of the Board of Trustees of our Port. The breakup of additions to the gross block furnished by VOCPT, however, do not show estimated capital cost relating to high powered tug. The VOCPT has also clarified that expenditure in respect of capital dredging in front of Berth No.NCB - II, III, IV, Shallow Water Berth I & II etc. at cost of ₹920 crores is considered based on the completion of respective Projects expected during 2014-15 and 2015-16. The mismatch in the capital dredging cost viz. ₹920 crores and ₹933.18 crores (i.e. ₹852 crores + ₹81.18 crores) remains unexplained. The VOCPT has further submitted that PIB Memorandum in respect of the above mentioned capital cost has been submitted to Government of India and the same is under consideration of the Ministry. The VOCPT has confirmed that all the projects will be completed during the tariff cycle upto 31.3.2016.

Since the capex for capital dredging of NCB - II, III, IV and two SDBs seemed to cater to the new PPP projects, the port was specifically requested to clarify as to why the other users who may not be availing the benefit of proposed investments should bear the financial burden of increased tariff. The VOCPT has clarified that the said berths are common user facility and not captive berths and involve interchangeability between berths and hence, the capital cost is proposed to be absorbed from all vessels calling at the berths of the VOCPT. Considering the above clarification and also submissions made by the VOCPT that the capex relating to dredging projects will be completed in 2014-15 and 2015-16 as proposed by port, the proposed additions to the gross block is allowed.

Thus, based on the clarifications furnished by the VOCPT and status of the capex indicated by the port, the additions proposed to the gross block in the years 2013-14 to 2015-16 is considered in this analysis.

(b). The VOCPT has clarified that expenditure in respect of capital dredging in front of Berth No.NCB - II, III, IV, Shallow Water Berth I & II etc. is considered based on the expected completion of respective projects during 2014-15 and 2015-16 and that the port expects to receive grant in aid from the Government to the tune of ₹211.43 crores in the year 2014-15 and ₹283.97 crores in the year 2015-16.

The VOCPT has excluded ₹211.43 crores and ₹283.97 crores from the gross block of assets in the years 2014-15 and 2015-16 respectively in view of the grant expected to be received from the Government for the capital dredging project. The port has neither claimed depreciation nor return on that part of the cost.

As explained in the analysis relating to the past period, this is in line with accounting treatment prescribed in the Billimoria report in case of grant received by the Major Port Trusts from the Government for fixed assets of the port. The approach followed by the VOCPT is considered in the analysis.

(c). The VOCPT has excluded the capital employed and return thereon relating to the special dredging for the years 2013-14 to 2015-16. As stated earlier, in our analysis the capital employed relating to the dredging is captured in the capital employed from the period October 2014 onwards till the year 2015-16 and return thereon is also allowed.

(d). The position in respect to the Capital Employed considered by us in the cost statement for the purpose of allowing return is given in the following table:

(**₹ in lakhs**)

Sr. No.	Particulars	2011-12 (Actuals)	2012-13 (Actuals)	2013-14 (Estimates)	2014-15 (Estimates)	2015-16 (Estimates)
A.	**Capital Employed at the end of the year**	**64,443.46**	**45,340.11**	**46,901.19**	**73,137.21**	**127,334.46**
B.	**Utilisations from Escrow Account**					
(i).	Assets funded from Escrow Account during the year	4,465.00	5,055.00		7,761.00	10,137.00
(ii).	Cumulative utilisation from Escrow Account	20,433.94	25,488.94	25,488.94	33,249.94	43,386.94
(iii).	Depreciation during the year (1.63%)	296.68	374.27	415.47	478.72	624.59
(iv).	Cumulative depreciation	481.81	856.08	1,271.55	1,750.27	2,374.86
(v).	**Written Down Value of assets funded from Escrow Account (ii) - (iv)**	**19,952.13**	**24,632.86**	**24,217.39**	**31,499.67**	**41,012.08**
C.	**Balance capital employed qualifying for return [A-B (v)]**	**44,491.33**	**20,707.25**	**22,683.80**	**41,637.54**	**86,322.38**

(e). As per 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 and cash balance at one month's cash expenses. The VOCPT has confirmed there is no railway terminal charges applicable in its Port. As regards sundry debtors from estate activity, the port has stated that there are items of disputed earnings under litigation which were accounted as income in the respective years but not yet recovered. These are considered in full as sundry debtors since the recovery is pending for more than ten years. The VOCPT has requested to admit it considering the nature of the long pending disputed incomes. Provision of tariff guidelines of 2005 do not permit to consider such long outstanding dues as a part of current asset. The estimate of sundry debtors and cash in the working capital calculation by the VOCPT is not as per the norms prescribed in the tariff guidelines. The estimation of sundry debtors and cash is, therefore, modified as per the norms prescribed in the tariff guidelines. Estimation of current assets following the norms prescribed in the tariff guidelines of 2005 and taking into account the actual current liability reported in the year 2012-13, the working capital of VOCPT becomes negative. As a result working capital is considered as Nil.

(f). The port has furnished the breakup of business assets, and business related assets. Relying that the port has followed the provisions prescribed in clauses 2.9.7. and 2.9.8. of the tariff guidelines for classifying the assets as business related assets, the segregation of assets by the VOCPT into two categories is considered. Consequent to modification in the estimation of capital employed, the classification of assets into two categories also stands modified.

(xvii). The port has computed return on capital employed at 16% on the business assets and 8.4% on the business related assets for the years 2013-14 to 2015-16. The designed capacity assessed by the port as a whole including the BOT projects likely to commence is estimated at 449.70 lakhs tonnes, 501.70 lakh tonnes and 731.6 lakhs tonnes for the three years 2013-14 to 2015-16 respectively. The port has assessed the capacity utilisation at 74%, 66% and 44% for the years 2013-14 to 2015-16 respectively. VOCPT has not clarified as to how the port has arrived at the said capacity utilisation.

It is seen that the designed capacity furnished by the VOCPT is for the port as a whole including BOT operators in operations and BOT operators expected to commence the operations during this tariff cycle. At our request, the VOCPT has subsequently furnished the designed capacity exclusively with reference to the port i.e. excluding the BOT operators at 240.81 lakhs tonnes for each of the three years 2013-14 to 2015-16. The capacity utilisation based on the designed capacity exclusively of the port and considering the traffic level estimated by the VOCPT comes to 85.1%, 87.4% and 87% respectively.

Since the capacity utilization is more than 60% for the years 2013-14 to 2015-16, the VOCPT is entitled for full return on capital employed for these three years.

The rate of return adopted by this Authority for the cases to be decided in the year 2014-15 is 16% for business assets. It is relevant to state that the ROCE decided for the year 2014-15 is at the same level as allowed in the year 2013-14. In our analysis, 16% return is allowed on the modified business assets for the years 2013-14 to 2015-16.

Return on the modified business related assets is considered @ 8.33% for the year 2013-14. The updated risk free rate of return adopted by this Authority for dealing with the tariff cases in the year 2014-15 is 8.9% which is considered for computing return on business related assets for the years 2014-15 and 2015-16.

(xviii). Regarding estate activity, this Authority has recently passed an Order No.TAMP/6/2012-VOCPT dated 4 April 2014 revising the lease rental of the VOCPT lands for two quinquenniums i.e. from 1 July 2007 to 30 June 2012 and 1 July 2012 to 30 June 2017. As stated earlier, the additional revenue on account of the revision approved in the VOCPT estate has been considered at the level estimated by the VOCPT in the absence of availability of the exact impact of revision.

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. Even clause 2.11.5. of the tariff guidelines of 2005 permits the surplus of estate activity to be utilised to offset the deficit in other port operations. In the current tariff revision exercise, the estate activity shows a surplus position at the revised tariff approved by this Authority in the Order dated 4 April 2014. The surplus assessed in the estate activity at the revenue estimated by the VOCPT and considering the additional revenue on account of the revision estimated by the VOCPT estate has been considered while determining the overall tariff revision of the port in the current tariff cycle.

If, at the time of next review, it is observed that there is substantial surplus arising on account of revision allowed in estate revision, it will be considered for full adjustment in the tariff during the next tariff cycle.

(xix). The consolidated cost statement filed by the VOCPT excludes railway activity. The port has, however, in the consolidated cost statement proposed to set off the deficit to the tune of ₹239.24 lakhs, ₹265.46 lakhs and ₹389.56 lakhs pertaining to the railway activity during the years 2010-11 to 2012-13 respectively from the net surplus in the port operation.

The VOCPT has stated that port approached Railway Board to revise the Railway Siding Charges in the year 2010 and followed up with reminders. The response of the Ministry of Railways is, however, not positive. Hence, the Port has requested to allow to absorb the Railway Deficit for the past years upto 2012-13 in the General Revision Exercise of the Port. Railway activity is not an exclusive activity but is incidental to cargo handling and hence it has suggested that the deficit in the railways is to be absorbed by other activities. The suggestion of the VOCPT to absorb the railway related loss from the future tariff will mean introduction of new cross subsidy in this activity from other services which will not be in line with the guidelines. The tariff guidelines of 2005 require to contain flow of cross subsidy and to eventually phase it out. Moreover, railway related charges do not fall under the jurisdiction of this Authority. The port is, therefore, advised to seek intervention of its Administrative Ministry in the matter for expeditious review of railway related charges.

In the cost statement prepared by us the overall consolidated cost statement includes the cost position of railway activity for the years 2013-14 to 2015-16. This is done to assess the net surplus/ deficit for the port as a whole. However, for deciding the tariff to be fixed for the current tariff cycle, the railway deficit has been excluded. It is relevant to state here that in the tariff revision of other ports such as Visakhapatnam Port Trust also and the last tariff revision of VOCPT also the cost position relating to railway activity was excluded while determining the tariff increase/ decrease to be allowed to the port.

(xx). The consolidated cost statement and main activity-wise cost statements for the years 2013-14 to 2015-16 are modified, as explained earlier. Since the consolidated cost statement for the port as a whole reflects surplus position, and in view of the analysis brought out in the subsequent paragraphs, there is no case warranting increase in the existing Scale of Rates. In view of overall surplus position in the port, the sub-activity cost statements are not drawn. This is in line with the approach followed in the last tariff Order.

As stated earlier, the extension granted to the validity of the existing SOR of VOCPT beyond 31 March 2013 was subject to the condition that the additional surplus over and above the admissible cost and permissible return accruing to the VOCPT for the period post 1 April 2013 will be set off fully in the tariff to be fixed. The cost statement for the year 2013-14 reflects a surplus to the tune of ₹5,545.18 lakhs. The said surplus for the year 2013-14 is set off equally during the years 2014-15 and 2015-16. The modified cost statements are attached as **Annex - III (a) to (e)**. The summarised position of the results disclosed by the financial/ cost statements at the existing tariff are tabulated below:

Particulars	Operating Income (₹ in lakhs)				Net Surplus (+)/ Deficit (-) (₹ in lakhs)				Net Surplus (+)/ Deficit (-) as a % of operating Income			Average Surplus/ Deficit %
	2013-14	2014-15	2015-16	Total for 2013-14 to 2015-16	2013-14	2014-15	2015-16	Total	2013-14	2014-15	2015-16	
(i). Consolidated position	27,452.80	32,451.81	37,500.52	97,405.14	--	8,194.19	3,602.22	11,796.41	0%	25.3%	9.6%	17.4%
(ii). Port & Dock Activity	8,962.87	9,786.27	11,445.59	30,194.73	--	-9,625.32	-16,220.31	-25,845.63	0%	-98%	-142%	-120.0%
(iii). Cargo handling and storage activity	14,615.99	18,495.63	21,001.39	54,113.01	--	15,571.50	17,089.33	32,660.83	0%	84%	81%	82.8%
(iv). Estate	3,753.96	4,042.73	4,926.35	12,723.03	--	4,143.93	4,816.89	8,960.83	0%	103%	98%	100.1%
(v). Railway	119.99	127.19	127.19	374.37	--	-1,895.92	-2,083.69	-3,979.61	0%	-1491%	-1638%	-1564.4%
(vi). Port as a whole (excluding Railway)	27,332.81	32,324.62	37,373.33	97,030.77	--	10,090.11	5,685.92	15,776.02	0%	31%	15%	22.63%

As can be seen from the above table, the port as a whole will be in a surplus to the tune of ₹117.96 crores for the 2014-15 and 2015-16 including the railway activity. Excluding the deficit in the railway activity, the estimated revenue surplus is to the tune of ₹157.76 crores. In terms of percentage, the port as a whole (excluding the railway activity) shows an average surplus of 22.63%.

The VOCPT has sought 6.5% increase in the existing Scale of Rates if its two proposals relating the cleaning charge and increase proposed in the license (storage) fee are approved. If these two proposals are not approved, the VOCPT has sought across the board increase of 10.5%. Before proceeding ahead, the new tariff items proposed towards cleaning charge and the increase proposed in the license fee are discussed hereunder:

(a). The port has proposed increase in license fee (Storage charge) of open space of Zone A-outside the security wall by 150% and for Zone A-inside the security wall by 300% to bring it at par with the rate prescribed in the Scale of Rates of Chennai Port Trust. Further, the license fee for Zone B (both covered and open space) which is presently prescribed at 50% of the license fee prescribed for Zone A is also proposed to be increased and made at par with the rates for Zone A. When sought reasons for the proposed steep increase, the port has sought to clarify that though the Cargo Handling Activity is in surplus, Port feels that the storage charges are to be comparable to neighbouring Ports' rates considering the land value and to ease congestion of cargo at times of peak period and bunched arrival of vessels. Most of the users/ user associations have objected the steep increase proposed in the license (storage) fee.

It has to be recognised that the cargo handling activity which also includes the warehousing activity reflects a surplus position. In view of the surplus position reflected in the cargo handling activity and also surplus position reflected for the port as a whole, upward revision proposed by the port in the license fee in Zone A as well as in Zone B is not warranted and hence not approved.

(b). The port has proposed to introduce cleaning charges of ₹5 per tonne in the wharfage schedule, which is proposed to be collected on dusty cargo. The proposed levy is for all the dusty cargoes moved through road to bear the cleaning expenditure through sweeping machines regularly as the port has to comply with Environmental Management System (EMS) and Tamil Nadu Pollution Control Board regulations irrespective of berths where they are handled. Most of the users/ user associations like Tamil Nadu Electricity Board and Tuticorin Thermal Power Station, Tuticorin Ship Agents' Association, Indian Chamber of Commerce & Industry and others have objected to the introduction of the proposed levy separately in addition to the wharfage.

The point made by the VOCPT that it incurs cleaning expenditure for handling dusty cargo is well taken. But at the same time it is to be recognised that the expenditure estimated by the VOCPT including the cost involved for providing the cleaning services also gets captured. Recognising that the cargo handling activity as well as the consolidated cost position, which would cover this cost item, shows a surplus position, this Authority is not in a position to approve the proposal for introduction of cleaning charges.

(c). It can, thus, be seen that the cargo handling and estate activities show surplus of ₹326.61 crores and ₹89.60 crores respectively for the two years 2014-15 and 2015-16 which cross subsidizes the deficit of ₹258.46 crores in the vessel related activity and leaves an overall surplus of ₹157.76 crores for the corresponding period.

In view of the overall surplus in the port there is no case for allowing any tariff increase in the existing Scale of Rates as proposed by the port. Hence, this Authority decides to maintain status quo in the existing Scale of Rates of VOCPT subject to discontinuing the special rate for dredging as explained earlier and few other modification in the conditionalities discussed in the subsequent paragraphs.

Of ₹157.76 crores revenue surplus estimated for the years 2014-15 and 2015-16, ₹13.75 crores is transferred to meet the deficit assessed in the dredging activity. As regards the remaining surplus of ₹144.00 crores instead of effecting reduction in the existing Scale of Rates, it is found appropriate to transfer this revenue surplus estimated for the years 2014-15 and 2015-16 to augment the Pension Fund since the VOCPT has in the current proposal proposed to introduce a separate Pension Fund Levy at 13.93% on all the cargo and vessel related activities to cover the shortfall in the Pension/ Gratuity fund to meet the actuarial valuation. Accordingly, estimated revenue surplus of ₹144.00 crores for the years 2014-15 and 2015-16 is transferred to the Pension Fund for determining Pension fund Levy proposed by the port.

(xxi). In the last tariff Order, the Pension Fund position was assessed based on the actuarial valuation as on 31 March 2011. In the last tariff Order this Authority had ordered VOCPT to transfer ₹81.92 crores being the surplus assessed for the past 2002-03 period upto 2007-08 flowing from the decision of this Authority in the tariff Order of July 2008 which was not found to have been transferred by the VOCPT during the last tariff revision. The VOCPT was directed to transfer ₹81.92 crores along with interest in the last tariff Order of October 2011. In the said Order, the VOCPT was also requested to transfer ₹25.45 crores from the actual surplus assessed for the years 2008-09 to 2010-11 in the last tariff Order.

It is relevant here to state that the direction given by this Authority in the last Order to transfer ₹81.92 crores was because neither the proposal of the VOCPT nor the Annual Accounts of the port showed that the port had transferred the said revenue surplus of ₹81.92 crores to the pension fund during the last tariff revision and despite specific request, the port had not confirmed compliance of the direction of this Authority in this regard.

In this context, the VOCPT has clarified which is also a factual position that only ₹4.00 crores/ per annum was allowed as cost towards annual contribution to the Pension Fund for the years 2007-08 to 2010-11 whereas the sum of actual contribution made by the port to the Pension fund and Pension payments from General Revenue Account for the years 2007-08 to 2010-11 is ₹125.35 crores. It has furnished details of the contribution made to the Pension fund after excluding ₹4 crores per annum admitted as cost as well as the Pension payments made by the port from the revenue account along with calculation of interest to justify its claim that ₹81.92 crores directed to be transferred to Pension Fund by this Authority can be treated as complied with by the port.

(**₹ in crores**)

Sl. No.	Description	Amount	Amount
I	Amount to be transferred as per TAMP Order dated 11.11.2011 with reference to the past surplus assessed for the period 2002-03 to 2007-08		81.92
II	Amount transferred		
	(a). 2007-08-Contribution from Revenue Account	11.31	
	(b). 2007-08-Pension Payments met from Revenue Account	10.34	
	(c). 2008-09-Contribution from Revenue Account	11.50	
	(d). 2008-09-Pension Payments met from Revenue Account	12.61	45.76
III	Balance to be transferred as on 31.03.2009 (I-II)		36.16
IV	Add: Interest at 8% for 2009-10 on III		2.89
V	Balance due for transfer as on 31.3.2010 (III + IV)		39.05
VI	Transfer made from Revenue Account in 2009-10		
	(a). 2009-10-Contribution from Revenue Account	11.00	
	(b). 2009-10-Pension Payments met from Revenue Account	15.78	26.78
VII	Balance to be transferred as on 31.03.2010 (V-VI)		12.27
VIII	Add: Interest at 8% for 2010-11 on VII		0.98
IX	Balance due for transfer as on 31.3.2011 (VII + VIII)		13.25
X	Transfer made from Revenue Account in 2010-11		
	(a). 2010-11-Contribution from Revenue Account	15.00	
	(b). 2010-11-Pension Payments met from Revenue Account	17.81	32.81
XI	Balance to be transferred as on 31.03.2011 (IX-X)		-19.56
	Total Contribution from General Revenue	105.35	

The VOCPT has thus identified that the above transfers to Pension Fund and Pension payments made from Revenue Account aggregate to ₹105.35 crores which is to be treated as the amount transferred to the Pension Fund from General Revenue with reference to the direction of this Authority to transfer ₹81.92 crores and ₹25.45 crores aggregating to ₹107.37 crores.

The point made by the VOCPT that since only ₹4 crores contribution to Pension Fund was admitted as cost in tariff fixation the differential actual contribution made to the Pension Fund less ₹4 crores per annum should be treated as transfer to Pension Fund against ₹81.92 crores directed by this Authority seems justified and hence accepted.

As regards pension payments, the port should have ideally made pension payments from the fund. But in the instant case, the port has directly made the pension payments from the revenue account as per the balance in the pension fund is not sufficient to meet the Pension liability as per the actuarial valuation. Pension payments has not been admitted as expense in the years 2007-08 to 2010-11 as well as 2011-12 and 2012-13. Hence, the submission of the port to treat the pension payments made by the port during the years 2007-08 to 2010-11 as reported in the Annual Accounts to be adjusted against ₹81.92 crores directed to be transferred to Pension Fund is accepted.

Hence, in view of the submissions made by the port and based on the above position, for the purpose of this analysis it is accepted that relating to direction of this Authority to transfer additional revenue surplus of ₹107.37 crores in the last tariff Order [i.e. ₹81.92 (pertaining to the years 2002-03 to 2007-08) + ₹25.45 crores (pertaining to the years 2008-09 to 2010-11)] to the Pension Fund, the VOCPT has transferred ₹105.35 crores. The VOCPT is advised to transfer the balance ₹2.02 crores (i.e. ₹107.37 crores – ₹105.35 crores) immediately and furnish its compliance report. For the purpose of arriving at the Pension Fund levy, the effect of ₹2.02 crores to be transferred to the Pension Fund by the VOCPT is considered.

(xxii). (a). The port had in its initial proposal proposed pension fund levy at ₹17.96 per tonne. Subsequently, in the revised proposal the VOCPT has proposed to recover shortfall in Pension Fund in terms of percentage i.e. 13.93% on all tariff items except estate activity and railway activity which are not covered under this tariff revision exercise. While arriving at the levy rate, the royalty/ revenue share income estimated in the cargo handling income is rightly excluded by the VOCPT.

(b). The VOCPT has furnished the actuarial valuation of the Pension/ Gratuity Fund at the end of the year 31 March 2013 at ₹433.94 crores. Considering the balance in the Pension/ Gratuity Fund at ₹281.18 crores, the port has assessed the shortfall in the Pension/ Gratuity Fund at ₹152.76 crores. The port has proposed to recover this shortfall over five years period i.e. two and half years in this tariff cycle and balance in the next tariff cycle. Accordingly, the VOCPT has proposed pension fund levy of 13.93% on all tariff items excluding income from estate rentals and income from railway activity to recover shortfall of ₹76.38 crores in the current tariff cycle.

(c). The actuarial valuation of Pension/ Gratuity Fund furnished by the VOCPT as on 31 March 2013 is substantiated with copy of Actuarial Report of LIC furnished by the VOCPT which is relied upon. As brought out earlier, the Annual Accounts of the port for the years 2011-12 and 2012-13 report pension payments from the revenue account. The VOCPT thus meets the pension payment from the revenue account because the pension fund balance is not sufficient to meet the Pension Fund Liability as per the actuarial valuation. Pension payments made from the revenue account for the years 2011-12 and 2012-13 was, however, not considered as an expense in the last Order and the same position is maintained while analyzing the actual surplus for the years 2011-12 and 2012-13. Recognising that the pension payments should ideally be made from the Pension Fund and in the case of the VOCPT the pension payments made from the revenue account during the years 2011-12 and 2012-13 is not admitted as expense in the past period analysis, the shortfall in the Pension/ Gratuity Fund Balance is redrawn after showing the annual pension payments made by the VOCPT to the tune of ₹23.28 crores and ₹25.64 crores for the years 2011-12 and 2012-13 respectively aggregating to ₹48.92 crores as reduction. This is only done for the purpose of assessing the shortfall in the pension fund balance on realistic basis for arriving at the pension fund levy. This is in line with the approach followed in the last tariff Order as well.

(d). As stated earlier, revenue surplus of ₹144.00 crores estimated for the years 2014-15 and 2015-16 estimated in the current tariff cycle is transferred to the Pension Fund. Moreover, the additional revenue estimated by the VOCPT from revision in the estate rentals approved by this Authority in the April 2014 Order at ₹8.9 crores and ₹25.75 crores for the years 2011-12 and 2012-13 respectively aggregating to ₹34.65 crores is also treated as transfer to Pension Fund.

(e). Subject to above adjustments and considering the actuarial valuation of Pension/ Gratuity Fund as on 31 March 2013 at ₹433.94 crores and the actual balance in the pension/ gratuity fund of ₹232.264 and other adjustments as explained above, the shortfall in the Pension Fund comes to ₹21 crores.

(f). The shortfall in the pension/ gratuity fund arrived as on 31 March 2013 is proposed to be recovered over five years period by the VOCPT. In our analysis, the shortfall in the pension/ gratuity fund is considered for recovery in the current tariff cycle. Recognising that by the time the Order approved comes into effect say by 1 October 2014, shortfall in the pension/ gratuity fund as on 31 March 2013 to the tune of ₹21 crores is considered for recovery over eighteen months in this tariff cycle. In any case there will be relief to the users as the Pension Fund levy approved is lower than the levy proposed by VOCPT.

(g). The VOCPT has considered the cargo handling income excluding the royalty/ revenue share income and vessel related income for arriving at the proposed levy to meet the shortfall estimated by VOCPT at ₹76.38 crores. Following the same approach, modified cargo handling income excluding royalty/ revenue share and modified vessel related income is considered proportionately for the truncated period of one and half years from October 2014 to March 2016 which comes to ₹322.54 crores.

(h). The detailed working relating to pension/ gratuity fund position and the Pension Fund levy is given below:

(**₹ in crores**)

Sl. No.	Particulars	2010-11
1.	Closing balance in the Pension/ Gratuity Fund as on 31.3.2013 (₹255.30 crores + ₹25.88 crores)	281.18
2.	Less: Pension Payments made during the years 2011-12 and 2012-13 from the revenue account. These are not admitted as expense in the past period analysis. Ideally should have been met from the Pension Fund.	48.92
3.	Balance in the Pension/ Gratuity Fund after the adjustment at 2 above (1-2).	232.26
4.	Pension Fund/ Gratuity Fund balance as per actuarial valuation as on 31 March 2013.	433.94
5.	Shortfall in the Pension / Gratuity Fund (3-4)	(201.68)
6.	Less: Past surplus of from the last Order of 2011 to the extent not transferred as analysed in the current Order.	2.02
7.	Less: Estimated Revenue surplus for the years 2013-14 to 2015-16 transferred to Pension/ Gratuity Fund after transferring ₹13.75 crores to the dredging activity.	144.01
8.	Additional revenue estimated by VOCPT for the years 2011-12 and 2012-13 on account of revision in the estate rental proposal (Order No.TAMP/6/2012-VOCPT passed by this Authority on 4 April 2014.)	34.65
9.	Shortfall in the Pension/ Gratuity Fund after the adjustments in 6 and 7 for recovery in the current tariff cycle of eighteen months from October 2014 (5-6-7-8)	(21.00)
10.	Proportionate share of cargo handling and vessel related income for one and half years from 1.10.2014 to 31.3.2016	322.54

	excluding the royalty / revenue share income.	
11.	Percentage of Pension fund levy to be recovered from all cargo and vessel related tariff items except estate activity and railway activity.	6.5%

Thus, based on the above analysis, Pension fund levy of 6.5% is approved to be levied on all the tariff items other than the estate rentals and railway activity. The said levy should cease to apply from 1 April 2016. The port is advised to maintain a separate account of the pension fund levy collected by the port and furnish the audited details of the Pension Fund for scrutiny at the time of next review of its Scale of Rates.

(xxiii). The penal interest on delayed payments by the user and refunds by the port has been proposed by the port at 16.45%. 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 14.75%. Accordingly, the rate of penal interest is modified to 16.75%.

(xxiv). Clause 6.10. of the tariff guidelines stipulate prescription of berth hire in single slab and pilotage fee in three tier slabs. In the last tariff Order, the VOCPT was advised to attempt to introduce suitable rationalisation in the vessel related tariff items prescribing the base rate such that the impact of increase, if at all necessary, is gradual across all the categories. When sought reasons for not adhering to the advice rendered in the last order, the VOCPT has reiterated its inability to categorise vessels of lower parcel size of vessels with higher GRT vessel and hence has requested the existing slab structure to continue. Incidentally, none of the users have voiced any grievance over the existing slab structure. At Chennai Port Trust also, this Authority has permitted berth hire and pilotage slabs more than the level prescribed in the tariff guidelines in view of the constraints explained by the port. The proposal of the VOCPT to continue with the existing tariff structure is, therefore, allowed in the current tariff revision.

(xxv). The existing SOR of the VOCPT at note 9 under General notes relating to Schedule 2.2.1., 2.2.2., and 2.2.3 and with reference to pilotage and shifting stipulates that the decision to shift a vessel to outer anchorage or any other berth on account of non-performance shall be taken by Chairman (VOCPT). This Authority while approving the proposed note 9 during the last tariff revision, had advised the port to file a suitable proposal prescribing broad guidelines/ principles for shifting of a vessel to outer anchorage or any other berth on account of its non-performance based on experience gained in the operations so as to bring in transparency in the provision. In this context, the VOCPT has on examining the matter proposed to incorporate the following a few conditionalities when working vessel at a berth will be shifted with the approval of Chairman to outer anchorage or another available and suitable berth:

"(a). When a vessel is operating with ship derricks either in a crane berth or non-crane berth and she is idle due to non-working of the crane for a period of four hours in a shift either continuously or intermittently (less than fifteen minutes excluded).

(b). When a vessel is keeping idle in a shift for a period of four hours in a shift either continuously or intermittently (less than fifteen minutes excluded), though gangs are deployed by Cargo Handling Division of the Port.

(c). When the productivity of a vessel per shift is continuously less than the average productivity per shift for the cargo during the previous year during the continuous period of two/ three shifts.

(d). When the vessel is waiting for cargo (whether gang is requisitioned and deployed or not) continuously or intermittently for a period of four hours in a shift and in two consecutive shifts."

Recognising that the above conditionalities proposed by the VOCPT prescribing the conditions governing the shifting of vessels to anchorage or any other suitable berth on account of non-performance is to bring in more transparency in the operations and relying that proposed conditions are based on the experience gained by the port, the proposed conditions is approved as proposed by the VOCPT. They are suitably incorporated under note 9 of the General notes relating to Schedule 2.2.1., 2.2.2. and 2.2.3 of the existing Scale of Rates.

(xxvi). During the last tariff revision, the VOCPT was requested to propose wharfage rate based on weight or volume of cargo with reference to cost of handling the relevant cargo in place of the ad-valorem wharfage rate in the last order. It was also brought to the notice of the port that the wharfage items allowed to continue on ad-valorem basis will be deleted automatically, if the port does not come up with specific unit based rate at the time of the next tariff revision. Despite specific advice rendered in the last tariff Order the VOCPT has proposed to continue wharfage rate for the items at Sl.Nos.18 to 23 on ad-valorem basis.

When again advised to review the ad-valorem basis of charging during the proceeding of this case, the VOCPT has pleaded to retain ad-valorem rate. The port has pointed out that the ad-valorem cargo is in vogue in port sector considering the principle "what the trade can bear. The space occupied by the high value cargo like Machinery Parts, Wind mill Blades etc., is more though the weight of the cargo is less. This leads to differential treatment for cargoes with optimum space with optimum weight and ad-valorem cargoes occupying more space with less tonnage. Stating that there will be huge adverse revenue implications if ad-valorem wharfage is discontinued, the VOCPT has requested to allow it to continue with the ad-valorem basis of charging wharfage rate for a few items prevailing in its existing SOR.

In this regard, it is relevant here to mention that Clause 4.2.2 of the tariff guidelines of 2005 calls for phasing out of the Ad-valorem rates from the Scale of Rates of the port trusts. In other major port trusts also where such ad-valorem rates already exist, this Authority has been emphasizing on phasing it out a gradual manner. The port during every revision exercise without making any attempt to shift to specific rate based on weight/ volume of cargo is reiterating its request to continue with advalorem structure for a few cargo items. Deletion of ad-valorem rates without prescription of alternative method of charging will put the port in a disadvantageous position. It is, therefore, conveyed to the port that the wharfage items allowed to continue on advalorem basis in this tariff revision exercise will be deleted automatically, if the port does not come up with specific unit based rate at the time of the next tariff revision.

(xxvii). The VOCPT in the revised proposal has proposed a note under the wharfage rate prescribed for thermal coal. The proposed note states that in respect of Coal, if the Consignee's name in the manifest represents/ has a mention about power generation unit, the wharfage rate applicable for Thermal Coal shall be levied irrespective of description in the manifest.

The port has submitted that the Resident Audit Unit of the office of Principal Director of Commercial Audit and the Chief Vigilance Officer has directed to consider the coal imports described as "Steaming Non-coking coal", in the Import manifest and having the name of the consignee as power generating units like Coastal Energant, Ind Bharat Power Co. Ltd. etc., as Thermal coal. In view of the above position, the port has proposed to collect the coal imported by such power generating units at the rate of ₹38/- per Metric Tonne based on the name of

Consignee in the Import General Manifest instead of wharfage rate for Steaming (Non-coking coal) at ₹27/- per M.T otherwise applicable.

With reference to the proposed note, the port has not explained whether the cost and method of handling Steaming (non coking) coal for which the rate is already prescribed in the existing SOR at ₹27 per tonne is at par with the cost and method of handling thermal coal for which separate rate of ₹38 per tonne is prescribed in the existing SOR. The port has thus not justified the differential ₹11/- per tonne proposed to be levied for steaming (non coking) coal. Cost plus method does not recognise the purpose of cargo as a basis for fixation of tariff. Further, the note proposed by the VOCPT was not included in its earlier proposal which was taken on consultation. This means the concerned users have not been given an opportunity to express their views on the proposed note. It is also not clear as to how the said note proposed by the VOCPT will serve the purpose as there can be instances where the name of the consignee may not suggest that consignee is a power generating plant. It is also relevant to state that the issue raised by the VOCPT has not come up in case of any other coal handling Major Port Trusts such as Paradip Port Trust, Visakhapatnam Port Trust, Mormugao Port Trust. Hence, extraordinary circumstances warranting a special note only in the case of the VOCPT also does not seem to be clear. Moreover, the VOCPT has itself stated that the coal meant for Thermal power projects are expected to be handled at NCB-II and hence the question of additional income on account of this will not arise for 2014-15 and thereafter. That being so, the necessity for introduction of the proposed note in the existing Scale of Rates remains unexplained. In view of the above gaps observed, the proposed note is not approved at this juncture. The VOCPT may, if necessary, examine the points observed and file a well analysed proposal with cost details within three months from the date of notification of the Order passed.

(xxviii). This Authority vide Order No.TAMP/22/2007-TPT dated 30 December 2009 had approved ceiling rate for 100T HMC for services to be provided by service provider authorised by VOCPT. The tariff approved was linked to performance of the HMC. During the processing of this case, the port was advised to furnish separate cost statement for HMC in line with the approach followed during fixation of hire charge of HMC in December 2009 Order seeking revision in the rate for HMC. The VOCPT has clarified that the crane is deployed by a private operator. The port has agreed to examine this matter separately with respect to the need for deployment by a private operator and considering the fact that the BOT operator M/s.IMCOLA Company (P) Ltd. is awarded PPP project for operation of two numbers 120MT Harbour Mobile Cranes at Berth No.9, VOC Berth No.1 to 4, and Berth No.5 & 6. The port has agreed to file a revised proposal, if necessary and send to this Authority in due course. As agreed by the VOCPT, the port is advised to examine the matter and file a proposal, if necessary, for revision in the rate for HMC following the principles followed in the December 2009 Order. Till such time, the existing performance linked rate for 100T HMC continues as prescribed in the existing SOR.

(xxix). The way leave charges prescribed in the existing SOR for conveyor system owned by M/s.Tuticorin Thermal Power Station (TTPS) at ₹1.42 per sq. mtr. per annum for movement of coal by conveyor is proposed to be levied to NTPL (relating to NCB-I), Tuticorin Coal Terminal Private Ltd. (TCTPL) (operator of NCB-II) and operators of berths NCB III and IV. The upfront tariff approved for BOT operators include way leave charges of ₹1.42 per sq. mtr. per annum for NCB- II, III and IV. The rate for NCB-I has to be determined based on the proposal of the VOCPT. Hence, the proposed note extending the applicability of way leave charges to NTPL, Tuticorin Coal Terminal Private Ltd. (TCTPL) and operators of berths NCB III and IV is approved as proposed by the port.

(xxx). The existing Scale of Rates of VOCPT prescribes uniform rate of ₹10,000 per day for shooting of films. The VOCPT has proposed separate rate for shooting of films inside and outside the green gate area. For inside the green gate area, ₹25,000/- for day and ₹37,500/- for night on per day/ part thereof basis is proposed. For outside the green gate area, the rate proposed is ₹20,000/- for day shooting and ₹30,000 for night shooting on per day/ part thereof basis. The port has clarified that these are commercial services which are to be restrictive considering the port security. The rates proposed are higher to make it prohibitive. In view of submissions made by the port and recognising that earning from these items are stated to be very meagre and will not have any major impact on the revenue of the port, and also recognising that none of the users have raised any objection on the proposed rates, the charges proposed for shooting of films is approved at the level proposed by the VOCPT.

For other items relating to taking photograph viz. still photographs, videography, photography of crew, the port has proposed increase in the existing rates which is in the range of 15% to 27.66%. For similar reasons that these tariff items are not port related services and the increase proposed is to act as deterrent from security point of view and also recognising that none of the used have made any adverse comments on these items, the rates as proposed by VOCPT are approved.

(xxxi). Clause 4.7.2. of the tariff guidelines of 2005 recommends the port to prescribe productivity linked tariff. The port has stated that productivity depends on various factors like number of equipments made available, efficiency of the equipment, cargo condition, number of hatches/ gangs in operation, etc., and developing a monitoring system is not practicable. Hence, the question of determining the benchmark level of productivity in the uncontrolled environment will not be practicable in the present scenario. The position furnished by the VOCPT is noted for the present.

(xxxii). (a). The proposal of the VOCPT seeks upward revision in the existing levy as well as pension fund levy for deployment of labour from the then Tuticorin Cargo Handling Labour Pool (TPTCHLP) now Cargo Handling Division of VOCPT.

(b). The VOCPT in its proposal has stated the reduction in the CHLD levy effected by this Authority in the last tariff Order of October 2011 has caused drastic reduction in the revenue of CHD. Before proceeding ahead with the analysis related to CHLD the above point made by the VOCPT is addressed.

(c). It is to be noted by the VOCPT that the levy determined by this Authority in the last tariff Order was based on the admissible estimated cost and permissible return. The traffic and hook shift productivity estimated by the VOCPT for the years 2011-12 and 2012-13 was relied upon. The CHD levy in the last tariff Order was determined to recover the estimated expenditure and return of ₹3,256.12 lakhs for the years 2011-12 and 2012-13. This was after adjusting the estimated levy of ₹1,708.34 lakhs collected by VOCPT on prorata basis for the year 2011-12 for six months i.e. upto September 2011 and the amount estimated to be collected from deployment of labour for container. It is seen that as against the total levy estimated to be earned by VOCPT at ₹4,964.46 lakhs for the said two years (i.e. ₹3,256.12 lakhs and ₹1,708.34 lakhs), the actual CHD levy collected by the VOCPT for the years 2011-12 and 2012-13 as per the Annual Accounts is ₹5,417.38 lakhs for the corresponding period which is higher than the estimated level by 9.12%. Thus, the point made by the VOCPT that revenue of CHD has reduced on account of reduction in the levy approved by this Authority does not reflect the correct position.

(d). Tuticorin Port Handling Agents Association has stated that at VOCPT traditionally, the revision in CHD levy is deliberated in the Levy Finance Committee. The Finance Committee Members after scrutinizing the

Income and Expenditure Statement and the projected cargo volume, arrive at revision in CHD levy. Such an exercise is not done before forwarding the proposal to the TAMP. In this regard, the VOCPT has clarified that as CHD is merged with Port and hence the need for determination of Levy by the Finance Committee is not relevant.

(e). In the prevailing system, in addition to per tonne CHLD levy approved by this Authority to meet the expenses of CHD, actual wages for deployment of labour from CHLD is collected separately. In view of this, the estimated wage recoverable from stevedores for deployment of labour is reduced from the total operating expenses while arriving at the per tonne levy. The original proposal of the VOCPT dated 28 February 2013 was on these lines. Subsequently, the VOCPT has cited that at other ports, wages are not collected separately. Wages also form part of the per tonne levy. Hence, in the revised proposal dated 28 August 2013, the VOCPT has proposed to dispense with recovery of wages for deployment of labour from CHLD separately. Instead, it has proposed to recover overall expense of CHD by way of per tonne levy. The users were consulted on the revised proposal of VOCPT dated 28 August 2013. The VOCPT while addressing the queries has subsequently recast the cost statement of CHD updating the estimates of 2012-13 with actuals and has suitably modified the estimates for the years 2013-14 to 2015-16 as well. The revised cost statement filed by the VOCPT dated 23 October 2013 along with the information and clarifications furnished relating to the CHLD is considered in the analysis.

(f). As per clause 2.6.2. of the tariff guidelines of 2005, the Major Port Trusts are required to regularly review the manning scale in view of technological changes and to revise the datum and rates of piece-rate scheme from time to time in terms of the National level Wage Settlements. In line with the decision of this Authority in the last tariff Order, the VOCPT was requested to confirm whether the revised manning scale as per the National Tribunal Award is implemented in the CHD and the current proposal takes into consideration the effect of revised manning scale. The VOCPT has clarified that manning scale of CHD is modified in line with the Tribunal Award with effect from May 2012. Also, the actuals of 2012-13 and estimates for the years 2013-14 to 2015-16 reportedly take into consideration the effect of the revised manning scale.

(g). During the last Order relating to revision in the CHLD levy, VOCPT was requested to frontally address the issue of notional booking of gangs in respect of handling Thermal Coal at Coal Jetty and in case of mechanised handling of cargo in VOC I to IV berths and eliminate notional booking of gangs before the next tariff revision. During the processing of the case, the VOCPT has informed that no notional gang is engaged from May 2012 upon implementation of revised manning scale in Cargo Handling Division. Thus, users are reportedly benefited due to implementation of revised manning scale as per the National Tribunal Award.

(h). The Tuticorin Stevedores' Association (TSA) has pointed out that many of the berths have been given to private operators on BOT basis. But, the labour cost is not loaded on BOT berths. TSA has contended that CHLD costs cannot be entirely loaded on cargo presently handled at the port berths. They are of the view that the shortfall in the CHD should be met by the BOT operators as well. It has to be recognized that the BOT operators are governed by individual License Agreement entered by them with the Port Trust. Moreover, BOT operators offer composite container cargo/ handling service for which tariff is determined separately based on the applicable guidelines. As rightly stated by the TSA, the BOT operators do not deploy any labour from the CHD. Hence, it is not reasonable to make the BOT operators to pay for the shortfall in the CHD when the CHD labour is not deployed at BOT berths.

Clause 2.6.1. of the tariff guidelines of 2005 allows apportionment of cost of surplus labour against non- traffic revenue sources like estate rentals/ premium, accumulated reserves, and balance over the traffic revenue. Clause 2.8.3. of the guidelines requires Major Port Trusts to apply revenue share receipts first to meet the cost of surplus labour, if any, and at least 50% of the balance should be transferred to the Escrow account. During the current proceedings, the VOCPT has estimated the cost of surplus labour to be nil which has been relied upon in this analysis. In view of the point made by TSA, the VOCPT is advised to conduct detailed study of cost of surplus labour, if any and if so, the VOCPT is advised to meet the cost of surplus labour in line with the provisions of the tariff guidelines of March 2005.

(i). The existing levy for CHD approved in October 2011 relied on the estimated position for the years 2011-12 and 2012-13, as stated earlier. 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. When advised to furnish actuals vis-à-vis the estimates considered in the last tariff Order for the years 2011-12 to 2012-13 as per the provisions stipulated in the guidelines and the cost filing formats, the port has stated that since there is continuous deficit in CHD activity and deficit as on 31 March 2013 is estimated to the tune of ₹1,607.82 Lakhs, such comparison of actuals vis-à-vis estimates is not found necessary. Tariff guidelines of 2005 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, notwithstanding the deficit position of an activity. Hence, this exercise is carried out based on the information made available by VOCPT during the processing of the case. The approach followed to analyse the estimated position in the last tariff Order is adopted to assess the actual cost position of VOCPT CHD for the years 2011-12 to 2012-13. The position relating to the past period along with analysis is explained below:

(i). Though VOCPT has not made comparison of estimates vis-à-vis actuals for the years 2011-12 and 2012-13 as per clause 2.1.3. of the guidelines, it has furnished actuals for the years 2011-12 and 2012-13 as per the Income and the Expenditure Account of the CHD division which forms part of the Audited Annual Accounts of the VOCPT which is considered subject to a few modifications as explained in the subsequent paragraphs.

(ii). The FME of CHD division in the Annual Accounts report contribution to the Pension Fund to the tune of ₹689.00 lakhs in the year 2011-12 and ₹294.98 lakhs in the year 2012-13. The Annual Accounts for CHD division also report pension payments of ₹984.95 lakhs paid from the revenue account for the year 2011-12 and for the year 2012-13 it is nil. The VOCPT has included both contribution to the Pension Fund as well as pension payments made from the revenue account in the cost statement in the year 2011-12. It is relevant here to state that in tariff fixation exercise, pension either by way of annual contribution to pension fund or by way of actual payment is allowed as pass through. During the last tariff revision, contribution to Pension/ Gratuity Fund was allowed as an expense whilst pension payment was not considered in the fixation of levy. Hence following the approach adopted in the last tariff Order, contribution to the Pension Fund reported in the Annual Accounts is considered in the cost statement for the two years 2011-12 and 2012-13. The interest on loan reported at ₹14.83 lakhs reported in the Annual Accounts for the year 2011-12 is also excluded as it is not admitted in the cost in line with the general approach followed in fixation of tariff and in line with the approach followed in the last tariff Order.

(iii). The Annual Accounts for the years 2011-12 report payments made towards claim by Employee State Insurance (ESI) to the tune of ₹211.11 lakhs. The VOCPT has clarified that this represents the liability arising out of the order of Employees State Insurance Corporation of India with respect to a claim raised prior to the formation of TPTCHLP in 2000. This item was not considered in the estimates in the last Order and hence excluded in the actuals as well for a like to like comparison. Even the VOCPT has not considered this item of expense in the year 2011-12. It has sought to spread over this expense over five years beginning from 2012-13 upto 2015-16 in the current cycle. This is analysed in the subsequent paragraphs.

(iv). The actual Finance and Miscellaneous Expenses for the year 2012-13 report payment of commuted arrears to retirees to the tune of ₹1,058.07 lakhs. It is also relevant to state that as per Clause 2.5.2. of the tariff guidelines, one time expense such as arrears for the past period, VRS payments, etc. are not admissible as cost item in tariff fixation. This item did not form part of the estimates in the last tariff Order. Hence commuted arrears to retirees reported at ₹1,058.07 lakhs in the year 2012-13 is, therefore, excluded in the past period analysis. Clause 2.5.2. of the tariff guidelines requires a port to meet one time expense from accumulated surplus/ reserves.

(v). Depreciation for CHD provided in the Annual Accounts of the VOCPT is based on the provision of depreciation as per the Income Tax Act, 1961. For the purpose of tariff fixation to comply with the guideline provision, the VOCPT has computed depreciation as per the rates prescribed in the Companies Act in line with the approach followed in the last revision of CHD which was accepted by this Authority. Thus, the value of net fixed assets and depreciation reported in the Annual Accounts for the years 2011-12 to 2012-13 cannot be matched with the net fixed assets considered in the computation of capital employed because of different method of computation of the depreciation. The VOCPT has furnished working of net fixed assets and depreciation for CHD applying the depreciation as per the Companies Act, which is relied upon.

(vi). The VOCPT has considered working capital of ₹426.24 lakhs and ₹457.12 lakhs for the years 2011-12 and 2012-13 respectively in the computation of capital employed for allowing 16% return. The VOCPT has, however, not furnished any detailed computation of arriving at the working capital. 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. The capital employed is thus considered at the level of net fixed assets furnished by the VOCPT at ₹13.92 lakhs and ₹12.43 lakhs for the years 2011-12 and 2012-13 respectively.

In the last tariff Order of November 2011, Return on capital employed was allowed at 16%. The same position is maintained while analyzing the actuals for the past period 2011-12 to 2012-13.

(j). Subject to above analysis, the cost statement analysing the actual vis-à-vis estimates for the years 2011-12 to 2012-13 is attached as **Annex - IV**. A summary of the analysis of the actual performance of VOCPT CHD for the years 2011-12 to 2012-13 vis-à-vis the estimates considered in the last tariff Order is tabulated below:

(**₹ in lakhs**)

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Particulars</th><th colspan="3">As considered in the last Order</th><th colspan="3">Actuals</th><th rowspan="2">Variation in %</th></tr>
<tr><th>2011-12 (Estimates)</th><th>2012-13 (Estimates)</th><th>Total for the years 2011-12 & 2012-13</th><th>2011-12</th><th>2012-13</th><th>Total</th></tr>
<tr><td>(i).</td><td>Traffic (in lakh tonnes)</td><td>129.42</td><td>135.89</td><td>265.31</td><td>139.16</td><td>133.75</td><td>272.91</td><td>2.86%</td></tr>
<tr><td>(ii).</td><td>Total Expenses (incl. Depn)</td><td>5413.42</td><td>5736.71</td><td>11150.13</td><td>5951.52</td><td>6048.88</td><td>12000.31</td><td>7.62%</td></tr>
<tr><td>(iii).</td><td>ROCE</td><td>2.23</td><td>1.97</td><td>4.20</td><td>2.23</td><td>1.99</td><td>4.22</td><td>0.38%</td></tr>
<tr><td>(iv).</td><td>Total Expense plus ROCE (ii + iii)</td><td>5415.65</td><td>5738.68</td><td>11154.33</td><td>5953.65</td><td>6050.87</td><td>12004.52</td><td>7.62%</td></tr>
<tr><td>(v).</td><td>Less : Wages recovered</td><td>2933.59</td><td>3256.28</td><td>6189.87</td><td>2836.49</td><td>2036.79</td><td>4873.28</td><td>-21.27%</td></tr>
<tr><td>(vi).</td><td>Less: Estimated levy collected by VOCPT in 2011-12 on prorata basis till September 2011 and income estimated from deployment of labour for container</td><td>1634.58</td><td>73.76</td><td>1708.34</td><td rowspan="2">3279.55</td><td rowspan="2">2173.83</td><td rowspan="2">5417.38</td><td rowspan="2"></td></tr>
<tr><td>(vii).</td><td>Balance expenditure (recoverable) [iv – v-vi] for which levy was determined. Actuals indicate the actual levy collected by VOCPT</td><td>847.48</td><td>2408.64</td><td>3256.12</td></tr>
<tr><td>(viii).</td><td>Total levy for comparison with actuals (vi+vii)</td><td>2482.06</td><td>2482.40</td><td>4964.46</td><td>3279.55</td><td>2173.83</td><td>5417.38</td><td>9.12%</td></tr>
<tr><td>(ix).</td><td>Balance (Shortfall)/ Excess recovery (vi-v-vi-vii)</td><td>-</td><td>-</td><td>-</td><td>162.39</td><td>(1876.25)</td><td>(1713.86)</td><td></td></tr>
</table>

(i). From the above table it can be seen that the aggregate of the actual traffic handled by CHD for the years 2011-12 and 2012-13 is 272.91 lakhs tonnes as against aggregate traffic estimated in the last tariff for the corresponding period at 265.31 lakhs tonnes. The variation in the actual physical performance is 2.86% on the positive side in comparison to estimates which is less than +/(-)20% variation.

(ii). The total expenditure of the VOCPT CHLP plus the return on capital employed for the years 2011-12 and 2012-13 was assessed at ₹11,154.33 lakhs in the last tariff Order. As against that, the aggregate of actual expenditure and ROCE is ₹12,004.52 lakhs. The variation is 7.62% on the positive side which is also within +/(-) 20%.

(iii). In the last tariff Order, out of at ₹11,154.33 estimated as sum of expense and return, ₹6,189.87 lakhs estimated to be recovered towards wages for deployment of labour from the pool as adjusted. Further, levy estimated to be collected by VOCPT on pro-rata basis for the year 2011-12 for six months i.e. upto September 2011 and the amount estimated to be collected from

deployment of labour at ₹1,708.34 lakhs was also adjusted and the cargo-wise levy was determined so as to meet the balance uncovered estimated expenditure of ₹3,256.12 lakhs.
As against the total levy estimated to be recovered at ₹4,964.46 lakhs for the two years (₹3,256.12 lakhs + ₹1,708.34 lakhs) the VOCPT has actually earned ₹5,417.38 lakhs. The variation is found to be 9.12% positive. Though the income earned from the levy is 9.12% higher that the estimated level, the overall position shows aggregate deficit of ₹1,713.86 lakhs in CHD for the years 2011-12 and 2012-13. This is because the actual wages recovered by CHD is lower than the estimated level.

(iv). Actuals wages recovered by the VOCPT CHD shows a negative variation of 21%. As against aggregated estimated wages to be recovered at ₹6,189.87 lakhs for the two years, the actuals wages recovered is reported at ₹4,873.28 lakhs. The VOCPT has not explained any specific reasons for variation in this item.

(v). If the variation in estimates vis-à-vis actuals in physical/ financial parameters is more than (+)/(-) 20%, clause 2.13 of the tariff guidelines of 2005 require adjustment of 50% of the deficit / surplus to be considered in future tariff and not 100% set off as claimed by the port. Since all the physical and financial parameters considered in the last tariff Order except the item relating to wages recovery is found to be less than +/(-) 20%, there is no case for any adjustment in the future tariff. Incidentally, the VOCPT has also not claimed nor made any adjustment to recover the shortfall/ deficit in the past period arising in the CHD activity from the future tariff.

(xxxiii). The VOCPT has arrived at the proposed CHLD levy based on the average traffic and expenses for the year 2012-13 (actuals) and estimates for the years 2013-14 to 2015-16. The last tariff Order was based on the estimates for the years 2011-12 and 2012-13. Hence, 2012-13 cannot form the base for future estimates. For arriving at the proposed rate, estimates for the years 2013-14 to 2015-16 are considered subject to a few modifications as explained in the foregoing paragraphs.

(xxxiv). The VOCPT has estimated traffic to be handled by the VOCPT CHLD at 155.56 lakh tonnes, 163.34 lakhs tonnes and 163.47 lakhs tonnes during the years 2013-14 to 2015-16 respectively. The cargo volume expected to be handled by CHD is estimated to increase by 16% per annum in 2013-14 and 5% in the year 2014-15. For the year 2015-16, the traffic estimated is almost at the level of 2014-15. It is relevant here to state that increase in the cargo volume projected by VOCPT in its general revision proposal is 7.6% in the year 2013-14 and 2.7% in 2014-15 over the actuals/ estimates of the respective previous years and for the year 2015-16 the cargo volume is projected almost at the level of 2014-15. The VOCPT has stated that traffic growth projected to be handled by CHD is in line with the traffic growth projected in the general revision proposal. It is, however, seen that the growth percentage in the traffic of CHD do not exactly match with the cargo traffic growth estimated in the general revision proposal. The traffic growth for CHD may not exactly match with the traffic estimates of the general revision proposal as all the cargo handled by the port may or may not avail deployment of CHD labour. For the purpose of this analysis, the traffic estimated by the VOCPT is relied upon.

(xxxv). (a). The expense relating to payment to employees for the year 2013-14 is estimated to increase by 3.59% over the actuals reported in the year 2012-13 and by 7.00% for the subsequent years.

The VOCPT has estimated the workers and staff of CHD to drop from 898 in 2012-13 to 832, 791 and 728 in the years 2013-14, 2014-15 and 2015-

16 respectively. This translates to reduction in the strength of CHD employees by 7.3%, 5% and 8% in the years 2013-14 to 2015-16 respectively over the estimates of respective previous years. Whilst VOCPT has proposed reduction in staff strength of CHD at the level stated above, it is observed that the effect of reduction in cost due to reduction in the strength of employees is not captured in the estimates. For the purpose of this analysis, the employees related cost estimated by VOCPT are, therefore, modified to give effect of reduction in the staff strength assuming employees will retire in the middle of each of the years.

As explained in the analysis relating the general revision proposal, a maximum escalation of 7% is allowed in the expenditure estimates for the year 2013-14 and 6% annual escalation is allowed in expenditure projections in for the years 2014-15 and 2015-16 respectively. Accordingly, annual escalation in cost is allowed at 7% to arrive at the estimates of 2013-14 over 2012-13 actuals after considering the impact of reduction in the staff strength as explained above. For the subsequent two years 2014-15 and 2015-16, 6% annual escalation is allowed over the modified estimates of 2013-14 and also adjusted for reduction in estimated in the staff strength. Accordingly, the modified employees related expense is estimated at ₹5,801.30 lakhs, ₹5,997.86 lakhs and ₹6,104.55 for the years 2013-14, 2014-15 and 2015-16 respectively as against ₹5,830.64 lakhs, ₹6,238.79 and ₹6,675.50 lakhs estimated by VOCPT for the corresponding period. The modified estimates are considered in the calculation.

(b). The administrative expense for the year 2013-14 is estimated to increase by 170% over 2012-13 actuals and for the subsequent years 2014-15 and 2015-16, 7% annual escalation is considered. The VOCPT has not explained any specific reasons for steep increase projected in the administrative expense in the year 2013-14 over 2012-13 actuals. Admissible annual escalation of 7% is considered for the year 2013-14 over 2012-13 actuals and estimates for the years 2014-15 and 2015-16 is estimated considering 6% annual escalation over the actual/ estimates of the respective previous years.

(c). As explained in the analysis relating to the past period, the VOCPT has furnished the working of net fixed assets and depreciation applying the depreciation as per the Companies Act, which is relied upon.

(d). The Finance and Miscellaneous Expenses estimated by the VOCPT for the year 2013-14 show 3.5% escalation over the actuals of 2012-13 and for the subsequent two years 2014-15 and 2015-16, the estimates are arrived by applying 6% annual escalation over the estimates of the respective previous years. As explained in the past period analysis, the actual Finance and Miscellaneous Expenses reported for the year 2012-13 capture commuted arrears paid to retirees. For the reasons explained in the past period analysis, commuted arrears to retirees is excluded as it is a one time payment. Hence, admissible Finance and Miscellaneous Expenses considered for the year 2012-13 in the past period analysis is escalated by 7% to arrive at the estimates of 2013-14. For the subsequent years 2014-15 and 2015-16, the escalation of 6% per annum is allowed as done for estimating other items of cost.

(xxxvi). The net fixed assets furnished by the VOCPT for the years 2013-14 to 2015-16 adopting the depreciation rate as per the Companies Act is as per the tariff guidelines. The value of net fixed assets furnished by the VOCPT is relied upon and accepted as done for the past period 2011-12 and 2012-13.

(xxxvii). Apart from net fixed assets, the VOCPT had considered working capital of ₹457.13 lakhs for each of the years 2013-14 to 2015-16 in the computation of capital employed. The VOCPT has, however, not furnished any detailed computation of arriving at the working capital. Current assets considered following the norms prescribed in the tariff guidelines of 2005 and taking into account the actual current liability reported in the year 2012-13, the working capital of CHD for the year 2012-13 comes negative. Based on the actuals of 2012-13, the estimate of working capital for the years 2013-14 to 2015-16 are also considered as nil.

Thus, the value of net fixed assets as furnished by the VOCPT for the years 2013-14 to 2015-16 are considered as the capital employed for computation of return on capital employed. 16% return is allowed on the modified capital employed.

(xxxviii). The VOCPT has shown adjustment of ₹42.20 lakhs in each of the years 2012-13 to 2015-16 to be recovered as part of expenditure towards deficit payment to Employee State Insurance (ESI) for the year 2011-12. The VOCPT has sought to clarify that this represents the liability of ₹211.11 lakhs reported in the annual Accounts for the year 2011-12 arising from claim made by the Employees State Insurance Corporation of India with respect to the period prior to the formation of TPTCHLP in 2000. This was not provided in the earlier years. Hence, VOCPT has proposed to spread over five years beginning from 2012-13 onwards and has requested to admit it considering the nature of expenses and liability pertaining to the formation of TPTCHLP (now CHD). The VOCPT has thus shown adjustment of ₹42.20 lakhs in each of the years 2012-13 to 2015-16 to be recovered as part of expenditure towards deficit payment to Employee State Insurance (ESI) for the year 2011-12.

In this regard, it is relevant to mention that clause 2.5.2 stipulates that one time expenses such as arrears of wages/ pension, VRS compensation, contributions to Pension Fund for past liability, etc. will not be allowed as admissible cost while determining the tariff. As brought out by the VOCPT, the payment made to ESI in the year 2011-12 is with reference to claim raised for the period even prior to formation of TPT CHLP in the year 2000. It appears to be of nature of one time payment made by the VOCPT in the year 2011-12 to the ESI for the claims pertaining to past period prior to the year 2000. Hence, it is not justified to allow it to be perpetuated in the tariff by including this item as an expense. Hence, this item of expense considered by the VOCPT during the years 2012-13 to 2015-16 is not reckoned with in the tariff fixation exercise. Clause 2.5.2. of the 2005 guidelines provides to meet one time expenses from accumulated surplus/ reserves other than specifically earmarked funds. The VOCPT may, if necessary, examine this option available in the guidelines in this regard.

(xxxix).(a). As stated earlier, the VOCPT in the revised proposal has proposed to dispense with the separate recovery of worked wages for deployment of labour from CHD in addition to the levy approved by this Authority. In view of this modification, the reduction of worked wages recovered separately under the prevailing system has not been estimated. Total wages forms part of the expense and levy is arrived to meet the overall expense of CHD.

Clause 4.7.2. of the 2005 tariff guidelines stipulates that where stevedoring activity is provided by the port as a separate activity, then the levy will be prescribed on per tonne basis. The system of wages plus levy is applicable only where on-board labour is supplied. Since the CHD division of the VOCPT has been merged with the port in December 2009, and is carried out as a separate division, its proposal to recover payment of overall expenses of CHD by way of per tonne levy is found to be in line with the 2005 tariff guidelines. Even in the Kandla Port Trust, the levy prescribed for deployment of labour from CHLP is all inclusive and no separate wage recovery is done for deployment of labour from the CHD. The revised approach followed by the VOCPT was also circulated to the users. Though some of the users have raised objection on the steep increase proposed in the CHD levy, there has not been any pointed objection on the approach proposed by the VOCPT of dispensing with wage recovery and proposing a consolidated levy. The proposal of VOCPT to dispense with separate recovery of worked wages for deployment of labour from CHD but to prescribe a consolidated per tonne levy is found to be in line with the provision in 2005 guidelines and hence accepted. The proposal of VOCPT for dispensing with element of wage recovery separately is accepted.

(b). As stated earlier, this Authority has granted extension to the validity of the existing SOR of VOCPT which includes the CHD levy beyond 31 March 2013 upto 30 June 2014. This means, during the extended period, the VOCPT would have continued to separately recover the wages for deployment of labour from CHD as per the prevailing arrangement. Moreover, VOCPT would also have collected per tonne CHD levy at the existing rate till the revised rates (to be) approved would come into effect. Hence, the levy collected by VOCPT need to be captured for the year 2013-14 and for the year 2014-15 till 30 September 2014 i.e. the time when the Order approved is expected to come into effect. The recovery of wages from the stevedores will be on account of labour gang deployed for cargo handling operations. The increase in this item will be on account of traffic growth and annual escalation allowed in the wage cost. In the absence of the estimates of the wages recovery furnished by the VOCPT, the actual wages recovered by the VOCPT in the year 2012-13 is taken as the base and suitably adjusted for growth in the traffic estimated for CHD for the years 2013-14 and 2014-15. Further, due to escalation allowed in wage cost, increase in the wage recovery is also suitably escalated by 7% in the year 2013-14 and 6% in the year 2014-15. It is relevant to state that for the year 2014-15, the wage recovery and levy are estimated for six months from 1 April 2014 to 30 September 2014 on proportionate basis.

Accordingly, in the cost statement prepared by us estimated wage recovery for the years 2013-14 at ₹2,511.05 lakhs and for 2014-15 for six months on prorata basis at ₹1,397.42 lakhs is adjusted while arriving at the revenue requirement from CHD.

(c). Since the VOCPT would have applied the existing levy during the extended period, income from the existing levy is also estimated for the years 2013-14 and 2014-15 upto 30 September 2014 taking the 2012-13 actuals as the base and proportionately adjusting for the traffic growth. Income from levy thus estimated at the existing rate for the corresponding period at ₹2,486.44 lakhs and ₹1,305.40 lakhs is adjusted while arriving at the revenue requirement from CHD for assessing the levy.

(xL). The VOCPT has apportioned the average estimated expense and ROCE for determining the levy for three cargo items viz. main pool cargo, coal at coal jetty and Salt. However, no such apportionment of expense is done for the other items viz. C&F operations at Transit Sheds and warehouse and for Zone B. Levy for these items is proposed to continue at the existing level. During the last revision of rates for CHD, this Authority had advised VOCPT to derive the rate for C&F operations at Transit Sheds and warehouse contain stuffing and de-stuffing and for Zone B on a scientific manner allocating the income, expenses for manpower deployment for these services while filing the proposal for next review of its levy. The VOCPT has clarified that the instances of deployment of labour, C&F operations at transit shed and for Zone-B are very meagre and the impact is very much negligible and hence expressed inability to predict it and hence has requested its accept its proposal. The VOCPT has, however, on our request furnished revenue earned from deployment of CHLD labour for C&F operations at transit shed and Zone B at ₹183.85 lakhs and ₹160.32 lakhs in the years 2011-12 and 2012-13. However for the years 2013-14, the VOCPT has estimated the income from these two items to be reduced to ₹68.84 lakhs. The port has not explained any reasons for steep reduction in the income from levy for these two items in the year 2013-14 in comparison to last two years actuals. For the purpose of the analysis, it is not unreasonable to assume the levy income of 2012-13 to continue for 2013-14 for these two items. The income estimates for the year 2013-14 from CHD levy from C&F operations at transit shed and Zone B is thus considered at ₹160.32. In the absence of any estimates for the next two years 2014-15 and 2015-16, it is considered at the same level as 2013-14. The revenue estimated from these two items are reduced from the revenue requirement for arriving at the proposed levy for main pool cargo, coal at coal jetty and salt as levy arrived by the port for these two items is not done based on allocation of expense and for the traffic projection.

As regards container stuffing and de-stuffing, the VOCPT has clarified that no such operations are carried out at CHD and hence no income is earned. The clarification furnished by VOCPT is relied upon.

(xLi). (a). The VOCPT has arrived at per tonne levy with reference to the average revenue requirement (i.e. Expenditure and ROCE) for the years 2012-13 to 2015-16 at ₹7,963.36 lakhs per annum.

(b). As stated earlier, the extension granted to the validity of the existing SOR of VOCPT beyond 31 March 2013 was subject to the condition that the additional surplus over and above the admissible cost and permissible return accruing to the VOCPT for the period post 1 April 2013 will be set off fully in the tariff to be fixed. The Cost position for CHD for the year 2013-14 reflect an estimated deficit to the tune of ₹1,185.79 lakhs at the existing rate of levy. The aggregate of estimated deficit for the year 2013-14 as well as the revenue requirement estimated for the years 2014-15 and 2015-16 at ₹11,156.19 is finally considered to arrive at the CHD levy.

(c). Since the revised CHD levy approved is expected to come into effect from 1 October 2014, the hook shift and tonnage estimated by VOCPT for the year 2014-15 proportionately from October 2014 and estimates of 2015-16 is considered. The estimated revenue requirement is allocated to cargo items in the ratio of hook shifts (cargo-wise) and the levy per tonne of cargo is computed for the estimated volume. The computation of levy is in line with the method followed by the VOCPT. The statement showing calculation of levy for VOCPTCHLP is attached as **Annex - V**.

(d). As per the modified calculation, the levy for main pool cargo (i.e. other than coal at coal jetty II and salt) comes to ₹46.03 per tonne for coal at coal jetty-II, ₹33.74 per tonne and ₹100.85 per tonne for salt as against ₹61.30 per tonne, ₹39.24 per tonne and ₹63.93 per tonne proposed by VOCPT for the corresponding cargo.

It is relevant to mention that based on the rate obtained as per the revised calculation, the levy for salt is ₹100.85 per tonne as against the existing rate of ₹18 per tonne. It is relevant here to mention that even as per the working of VOCPT, the levy on salt worked out to be 116.78 per tonne but the levy proposed by the VOCPT is ₹63.93 per tonne. The port has not furnished any specific reasons for proposing the rate lower than the level arrived as per its calculation. During the last tariff revision, however, the VOCPT had stated that salt being low cargo value cannot absorb steep hike in the levy and had therefore, proposed to continue with the then existing levy to continue. The traffic of salt is found to be negligible at 1% of the total cargo estimated to be handled by the VOCPT CHD.

It is presumed that for the same reasons, the VOCPT has proposed levy on salt lower than the level derived in its cost calculation. However, recognising that rate derived in our calculation is ₹100.85 per tonne which is 13.64% lower than the level derived by the VOCPT at ₹116.78 per tonne, the rate proposed by the VOCPT is suitably reduced by 13.64% to give effect of reduction in the rate derived by us vis-à-vis the working of the VOCPT. Accordingly, the per tonne levy on salt is approved at ₹55.24 per tonne as against ₹63.93 proposed by the VOCPT.

The traffic of salt is found to be negligible at 1% of the total cargo estimated to be handled by the VOCPT CHD and the revenue of the CHD as its contribution to meet the expenditure is less than 2% and hence though the rate approved for salt is lower than the level arrived as per the calculation following the approach adopted by VOCPT as it is a low value cargo it will not have significant effect on the revenue.

(e). Thus, based on the rate obtained as per the calculation and based on the above analysis, the levy on main pool cargo (other than coal at jetty II and salt) is approved at ₹46.03 per tonne, ₹33.74 per tonne for coal at coal jetty-II and ₹55.24 per tonne for salt. The increase in the levy in terms of percentage works out to be 167%, 223% and 207% for these cargo from the existing levy. The increase in levy appears to be steep mainly because in the current exercise, the VOCPT has proposed to collect the wages as part of levy unlike the present system where the wages are recovered separately from the stevedores for deployment of labour in addition to the levy. The users will not have to pay worked wages separately with implementation of the revised levy.

(f). In this context, the VOCPT has also proposed a note in its proposal dated 28 August 2013 stating that no worked wages for actual deployment shall be levied over and above the CHD levy proposed to be collected. The proposed note clarifies the position that worked wages shall not be collected separately and hence is prescribed as proposed by VOCPT with some minor modifications in the language.

(g). The VOCPT in its original proposal had proposed to continue with the existing levy of ₹10 per metric tonne for handling cargo at C&F Operations in transit shed and ware house and for Zone B. It has subsequently in its earlier revised proposal dated 28 August 2013 revising the rate for CHD had proposed the rate for C&F operations at Zone B ₹34.10 per tonne based on the percentage arrived for main pool cargo which is further revised to ₹35.54 per tonne. As stated earlier, the VOCPT has expressed inability to work out cost calculation for these items due to uncertain nature of these activities and diversified nature of handling and very negligible incidence of handling these items. There has not been pointed objection from the users on the increase proposed for these two items. In the absence of any cost calculation furnished by VOCPT, relying on the clarification furnished by the VOCPT and recognising there has not been any objection from the users on the increase proposed for these two items, the levy for handling cargo at C&F transit shed and warehouse and at Zone B is approved at ₹26.69 per tonne applying the percentage increase in the levy of main pool cargo of 167% in line with the approach followed by VOCPT. The port is advised to derive the rate for these services also on a scientific manner allocating the income, expenses for manpower deployment for these services at the time of filing its proposal for next review of the levy.

(h). The existing levy for deployment of CHD for container stuffing and destuffing is 200% of the time rate wages. Initially the VOCPT had proposed to continue with the existing tariff for this item. In the revised proposal of August 2013, the VOCPT has proposed the rate for container stuffing and destuffing at par with main pool cargo i.e. cargo other than coal at coal jetty II and salt. The VOCPT has justified that as the cargo inside the container falls under the category of general cargo the rate is proposed accordingly as applicable to cargo other than coal at Coal Jetty-II and Salt. None of the users have made any pointed objection on the VOCPT proposal in this regard. Hence in view of the justification furnished by the VOCPT, the levy on container stuffing and destuffing proposed at par with the revised levy arrived for main pool cargo is approved.

(xLii). As per the coastal concession policy envisaged by the Government, movement of cargo from ship to shore is entitled for coastal concession and the rate should not exceed 60% of its counterpart. Concessional tariff is applicable for coastal cargo/ containers other than thermal coal, crude including POL, iron ore and iron ore pellets. Separate concessional rate for coastal cargo is not seen to have been prescribed in the existing schedule relating to CHLD levy under Chapter VI in the existing Scale of Rates. It is ascertained from the VOCPT that all the cargo handled by the VOCPT by CHD are foreign cargo. Thermal coal is handled at coal jetty II and as per the coastal concession policy thermal coal is not entitled for coastal concession. Though, general note (xiv). under 1.2. general terms and conditions of the Scale of Rates prescribe notes relating to coastal concession applicable for eligible coastal cargo, it is appropriate to separately prescribe the rate for coastal cargo at 60% of the levy arrived for main pool cargo, salt and coal at coal Jetty. For coal at coal jetty, the rate for coastal cargo is prescribed for coal other than thermal coal and for thermal coal rate for its foreign counter part is prescribed. Suitable modification is done in the schedule relating to CHD in the revised SOR. From the position obtained from the port, prescription of separate concessional rate for coastal cargo is not likely to have any revenue impact.

(xLiii). The VOCPT has proposed a note stating that 50% of the levy shall be collected as stevedoring levy and 50% shall be levied as shore levy. The reasons for introduction of the proposed note is not explained by the VOCPT. Since the CHD levy is being collected presently, the existing methodology of collection of levy can be continued in the absence of any explanation from the port for the proposed note.

(xLiv). (a). This Authority in the last tariff Order had approved pension fund levy @ ₹9 per metric tonne to meet the short fall in the pension fund based on the actuarial valuation as on 31 March 2011 for period of five years subject to review in the next tariff cycle. In the current proposal, the VOCPT has proposed to increase the levy to ₹30.15 per tonne as per the revised calculation furnished based on the actuarial valuation of the Pension Fund position as on 31 March 2013.

(b). The port has furnished audited Annual Accounts of the CHD for the year 2011-12 and 2012-13 containing audited Pension and gratuity Fund position. The Pension Fund and the Gratuity Fund balance reported in the Audited Accounts for CHD as on 31 March 2013 is ₹80.83 crores is ₹20.00 crores respectively.

(c). The VOCPT has furnished the actuarial valuation of the Pension and Gratuity Fund at the end the year 31 March 2013 at ₹272.39 crores and ₹40.25 crores respectively which is supported by a copy of actuarial report of Life Insurance Corporation, which is relied upon. Considering the balance in the Pension and Gratuity Fund as on 31 March 2013 and the actuarial valuation as on 31 March 2013, port has assessed the shortfall in the Pension and Gratuity Fund at ₹191.56 crores and ₹20.25 cores respectively aggregating to ₹211.81 crores. The port has proposed to recover this shortfall over five years period i.e. ₹4,236.20 lakhs per annum. Considering average annual tonnage of CHD at 140.50 lakh tonnes, the VOCPT has proposed pension fund levy of 30.15 per tonne. The increase in the Pension Fund levy comes to 235%. Most of the users like Tamil Nadu Electricity Board and Tuticorin Thermal Power Station, etc., have requested to spread over the recovery of shortfall in the Pension Fund of CHD over a longer duration of 10 years. The port has, however, not agreed to the request made by the users and has insisted recovery of pension fund levy over a period of five years. It has to be recognised that as per the Memorandum of Settlement dated 27 July 2011 involving merger of CHD with VOCPT, the CHD has to function as a division of the Traffic Department and the merger will not involve any additional financial liability for VOCPT. As per the said Memorandum of Settlement, the liability of pension payments is to be met by strengthening the pension fund to make it sufficient with respect to the obligation. Thus to augment in the pension/ gratuity fund, the proposal of VOCPT to recover the shortfall in the pension/ gratuity fund over five years period is accepted. Thus, by spreading the shortfall in the pension/ gratuity fund over five years, the annual recovery comes to ₹42.36 cores as assessed by VOCPT. Recognising that by the time the Order approved comes into effect say by 1 October 2014, one and half year of the current cycle will only remain, the shortfall assessed in the Pension/ Gratuity Fund proportionately for one and half years i.e. ₹63.54 crores is considered to be recovered in the current tariff cycle and balance will spill over in the subsequent tariff cycles.

(d). The VOCPT has considered the average tonnage of 140.50 lakh tonnes for the period 2012-13 to 2015-16. In our analysis, the aggregate traffic as estimated by the VOCPT is considered for one and half years in this tariff cycle i.e. from 1 October 2014 to 31 March 2016 at 253.18 lakh tonnes.

(e). Subject to above analysis, the statement relating to determination of pension fund levy is modified. The calculation of the Pension fund levy proposed by VOCPT and modified by us is tabulated below:

(**₹ in lakhs**)

Sl. No.	**Particulars**	**Estimates as furnished by VOCPT**			**Modified Estimates**
		Pension	**Gratuity**	**Total**	**Pension and Gratuity Fund total position**
(a)	Pension & Gratuity fund liability as per the actuarial valuation as on 31 March 2013	27,239.00	4,025.00	31,264.00	31,264.00
(b)	Balance in the Pension and Gratuity fund as on 31 March 2013	8,083.00	2,000.00	10,083.00	10,083.00
(c)	Shortfall in the pension and gratuity fund (a-b)	(19,156.00)	(2,025.00)	(21,181.00)	21,181.00
(d)	Shortfall in pension and gratuity fund spread over 5 years by VOCPT - per annum recovery			(4,236.20)	(4,236.20)
(e)	Proportionate share in the current cycle i.e. 1.5 years from 2014-15 October onwards to 2015-16			--	6,354.30
(f)	Average Tonnage considered by VOCPT [In modified estimates total tonnage from 1 October 2014 to 31 March 2016			140.50	253.18

	considered] (in lakh tonnes)				
(g)	Pension fund levy in ₹ per tonne			30.15	25.10

(f). In view of the shortfall in the pension fund position vis-à-vis the actuarial valuation, there is a need to continue the pension fund levy. Based on the shortfall in the pension fund position explained by the port and based on the above analysis, the existing Pension Fund levy of ₹9 per tonne is increased to ₹25.10 per tonne as against ₹30.15 per tonne proposed by VOCPT. Quantum of levy for the subsequent period will be determined on review at the end of this tariff cycle. The said note is also incorporated in the schedule relating to pension fund levy.

(xLv). As agreed by the port during the last revision of CHD, the port was advised to propose sliding rates linked with productivity while reviewing the levy during the next tariff cycle. However, port has not provided the same. The port has sought to clarify that considering the nature of operations of cargo handling by CHD, in respect of Coal at Coal Jetty II, Salt and other bulk and break-bulk cargoes and also huge deficit, it is not in a position to propose cargo related charges on a sliding scale. The VOCPT is requested to undertake a study in this regard and propose sliding rates linked with productivity at least during the next tariff revision.

(xLvi). The tariff guidelines stipulate a tariff validity cycle of 3 years. Though the cost position considered for fixation of levy is for three years i.e. 2013-14 to 2015-16, the tariff prescribed will be for a truncated validity period. The financial position considered for the purpose of this analysis is only till 31 March 2016, hence the validity of the revised Scale of Rates will also expire on 31 March 2016.

20.1. In the result, and for the reasons give above, and based on a collective application of mind, this Authority approves the revised Scale of Rates of the VOCPT. The effective date of the revised Scale of Rates and conditionalities governing the application of revised Scale of Rates will remain the same as already indicated in the separate Order dated 4th August 2014 and shall be in force till 31 March 2016.

20.2. The tariff of the VOCPT 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 VOCPT 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.

20.3. In this regard, the VOCPT 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 VOCPT to submit their proposal for an ahead of scheduled review. If the VOCPT fails to file a tariff proposal within the time limit to be stipulated by TAMP, this Authority will proceed *suo motu* for review of the tariff.

(T.S. Balasubramanian)
Member (Finance)

ANNEX - I

Analysis of performance of V.O. Chidambaranar Port Trust for the years 2011-12 to 2012-13 based on actuals vis-a-vis Estimates

₹ in lakhs

Sr. No.	Particulars	2011-12		2012-13		Total		
		Estimates as per our Order	Actuals	Estimates as per our Order	Actuals	Estimates as per our order 2011-12 to 2012-13	Actuals 2011-12 to 2012-13	% Variation
I	Throughput (in lakh Tonnes) exclusively of Port	187.33	185.79	196.70	190.34	384.03	376.13	-2.1%
	Capacity	248.88	240.81	248.88	240.81	497.76	481.62	
II	Operating Income							
	(i) Cargo Handling & Storage Facilities	18539.43	19915.61	20646.98	19634.52	39186.41	39550.13	0.9%
	Less : 50% Royalty transferred to Escrow Account	4889.54	4463.52	5724.31	5055.78	10613.86	9519.30	
	(ii) Port and Dock Facilities (excluding dredging levy)	7022.60	7766.30	7362.13	8305.64	14384.73	16071.94	11.7%
	(iii) Estate Rentals	1158.92	1136.30	1177.91	1095.81	2336.83	2232.10	
	Total Operating Income	**21831.40**	**24354.68**	**23462.72**	**23980.20**	**45294.11**	**48334.88**	**6.7%**
III	Operating expenditure							
	(i) Cargo Handling & Storage Facilities	1887.94	1929.49	2001.21	1926.53	3889.15	3856.02	
	(ii) Port and Dock Facilities (excluding dredging levy)	3776.19	4706.20	4002.76	5230.16	7778.94	9936.36	
	(iii) Estate Rentals	387.93	611.20	411.20	438.01	799.13	1049.21	
	Sub total	**6052.05**	**7246.89**	**6415.17**	**7594.70**	**12467.22**	**14841.60**	**19.0%**
IV	Depreciation							
	(i) Cargo Handling & Storage Facilities	667.89	718.57	787.76	607.61	1455.65	1326.18	
	(ii) Port and Dock Facilities (excluding dredging levy)	875.10	992.68	1129.36	854.30	2004.46	1846.98	
	(iii) Estate Rentals	33.11	36.07	63.72	29.20			
	Total Depreciation	**1576.10**	**1747.32**	**1980.84**	**1491.11**	**3556.94**	**3238.43**	**-9.0%**
V	Total operating expenditure (III +IV)	**7628.14**	**8994.21**	**8396.01**	**9085.81**	**16024.16**	**18080.03**	**12.8%**
VI	Gross Operating Surplus	**14203.26**	**15360.48**	**15066.70**	**14894.39**	**29269.96**	**30254.87**	**3.4%**
VII	Management and General Overheads	4535.42	5075.93	4807.55	5536.39	9342.97	10612.31	13.6%
VIII	Operating Surplus after MGT	**9667.83**	**10284.55**	**10259.15**	**9358.01**	**19926.98**	**19642.56**	**-1.4%**
IX	Finance and Miscelleneous Income	1101.22	1273.46	1220.72	2137.55	2321.94	3411.01	46.9%
	Finance and Miscelleneous Expenditure	427.31	2196.69	466.14	2943.83	893.45	5140.52	475.4%
	FME-FMI	-673.91	923.23	-754.58	806.28	-1428.49	1729.51	-221.1%
X	Net Operating surplus / deficit	**10341.75**	**9361.32**	**11013.73**	**8551.73**	**21355.48**	**17913.05**	**-16.1%**
XI	Capital employed	65401.88	64443.46	71642.01	45340.11	137043.89	109783.57	
	Business Assets	64603.28	63,644.87	70861.44	44,559.55	135464.72	108204.42	
	Less Net Fixed asset funded from Escrow Account	15729.87	19,952.13	15469.57	24,632.86	31199.44	44584.99	
	Business Assets less funded from Escrow Account	48873.41	43692.74	55391.87	19926.69	52132.64	31809.71	-38.4%
	Business Related Assets	798.6	798.59	780.57	780.56	789.59	789.58	
XII	ROCE @ 16% on business assets and 8.2% on business related assets	7885.24	7056.32	8926.71	3252.28	16811.95	10308.60	-38.7%
	Business Assets	7819.75	6990.84	8862.70	3188.27	16682.45	10179.11	
	Business Related Assets	65.49	65.48	64.01	64.01	129.50	129.49	
XIII	Capacity utilisation	75.3%	77.2%	79.0%	79.0%			
XIV	Return on capital employed linked to capacity utilisation	**7885.24**	**7056.32**	**8926.71**	**3252.28**	**16811.95**	**10308.60**	**-38.7%**
XV	Net Surplus/ Deficit after ROCE	**2456.52**	**2305.00**	**2087.03**	**5299.44**	**4543.55**	**7604.44**	**67.4%**
XVI	Net Surplus/ Deficit after Return as a % of Operating Income	**11.3%**	**9.5%**	**8.9%**	**22.10%**	**10.03%**	**15.73%**	

ANNEX - II

Cost statement relating to dredging activity for which special rate was approved by the Authority in the last Order.

Rs. in Lakhs

Sr. No	Particulars	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals		Actuals	Actuals	Estimates	Estimates	
		2004-05 (after 19.1.05)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total for the period from 19.1.05 till 2010-11	2011-12	2012-13	2013-14	2014-15 upto September	Total for the period 2011-12 and 2014-15 upto September
I	**Earning from dredging levy**	**204.42**	**1146.87**	**1320.72**	**1221.89**	**1279.25**	**1367.59**	**1454.76**	**7995.50**	1751.60	1795.79	2111.98	1243.83	6903.20
II	**Annual operating cost**													
	(i). Annualised debt servicing cost for the period beyond 19.1.05 that based on the refinanced loan.	773.75	3095.02	3095.02	3095.02	3095.02	3095.02	3095.02	19343.87	3095.02	0.00	0.00	0.00	3095.02
	(ii). Depreciation	50.31	408.82	408.82	408.82	408.82	408.82	408.82	2503.23	408.82	408.82	408.82	204.41	1430.87
	Total Annual Operating Cost	**824.07**	**3503.84**	**3503.84**	**3503.84**	**3503.84**	**3503.84**	**3503.84**	**21847.10**	**3503.84**	**408.82**	**408.82**	**204.41**	**4525.89**
III	**Surplus/ deficit after meeting operating cost**	**-619.64**	**-2356.97**	**-2183.12**	**-2281.95**	**-2224.59**	**-2136.25**	**-2049.08**	**-13851.60**	**-1752.24**	**1386.97**	**1703.16**	**1039.42**	**2377.31**
IV	(i). ROCE @ 15% till 2006-07 & @ 16% thereafter on re-payment of loan by TPT from own resources to the tune of Rs. 58.20 crores	198.14	859.30	845.63	886.76	870.58	855.40	840.22	5356.01	825.04	809.86	796.66	391.84	2823.40
	(ii). Capital Employed of dredging on berth No.VIII	4091.32	4509.12	4434.40	4359.68	4284.96	4210.24	4135.52		4060.81	3986.10	3911.38	1918.33	13876.62
	(iii). ROCE on capital dredging of berth No.VIII from 2004-05 onwards	715.98	676.37	709.50	697.55	685.59	673.64	661.68	4820.32	649.73	637.78	625.82	306.93	2220.26
	Total Return	**914.12**	**1535.67**	**1555.13**	**1584.30**	**1556.17**	**1529.03**	**1501.90**	**10176.33**	**1474.77**	**1447.64**	**1422.48**	**698.77**	**5043.65**
V	**Surplus/ deficit after return**	**-1533.76**	**-3892.64**	**-3738.25**	**-3866.25**	**-3780.76**	**-3665.28**	**-3550.98**	**-24027.92**	**-3227.01**	**-60.67**	**280.68**	**340.65**	**-2666.34**
VI	**Revenue surplus from general activity adjusted against the deficit in the dredging activity**													
	(i). For the period 2002-03 to 2007-08 - Rs.8848.02 lakhs								**21138.03**					
	(ii). For the period 2008-09 to 2010-11 - Rs.12290.01 lakhs													
VII	**Balance deficit in the dredging Activity**								**-2889.90**					

A	Total deficit for the period 2002-03 till 2010-11 as assesses in the last tariff order of Oct 2011	-2889.90
B	Actual Net Deficit for the years 2011-12 and 2012-13 and estimated net deficit for the period 2013-14 and 2014-15 (upto September 2014)	-2666.34
C	Sum of A + B	**-5556.24**
D	Surplus in the estate activity for the year 2008-09 and 2009-10 (As done in the last tariff order of October 2011)	378.87
E	Balance Deficit in Dredging Activity	-5177.36
F	50% of the past surplus for the year 2011-12 to 2012-13 to set off the deficit in dredging	3802.22
G	Estimated Net surplus for the years 2014-15 to 2015-16 transferred to dredging activity to the extent of -	1375.14
H	Balance deficit as on 31.12.2013	0.00

ANNEX - III (a)

Consolidated Cost Statement of V.O. Chidambaranar Port Trust

₹ in lakhs

SL. No.	Description	Actuals Excluding Dredging & Railways		As furnished by VOCPT Excluding Dredging & Railways			Modified estimates by TAMP Including Dredging & Railway		
		Actuals 2011-12	Actuals 2012-13	Estimates 2013-14	Estimates 2014-15	Estimates 2015-16	Estimates 2013-14	Estimates 2014-15	Estimates 2015-16
I	**A. Traffic in Lakh Tonnes (exclusively of ports)**	**188.79**	**190.34**	**204.84**	**210.46**	**210.50**	**204.84**	**210.46**	**210.50**
	B. Traffic of PSA SICAL (In lakh tonnes)	**92.26**	**92.26**	**97.16**	**92.50**	**92.50**	**97.16**	**92.50**	**92.50**
	C. Traffic of BOT operators (In lakh tonnes)	**-**	**-**	**-**	**34.46**	**193.34**	**-**	**34.46**	**193.34**
	D. Total traffic of Port (In lakh tonnes)	**281.05**	**282.60**	**302.00**	**337.42**	**496.34**	**302.00**	**337.42**	**496.34**
	Capacity in Lakh tonnes (exclusively of Port)	**240.81**	**240.81**	**240.81**	**240.81**	**240.81**	**240.81**	**240.81**	**240.81**
II	**Operating Income**								
	(i). Cargo Handing and Storage Income	19,915.61	19,634.52	19671.78	26887.64	31139.09	19,671.77	26,887.58	31,139.09
	Less : 50% Royalty transferred to Escrow Account from 2005-06	4,463.52	5,055.78	5055.78	8391.95	10137.70	5,055.78	8,391.95	10,137.70
	Cargo handling and Storage Income after 50% Royalty trasferred to Escrow Account	15,452.09	14,578.75	14616.00	18495.69	21001.39	14,615.99	18,495.63	21,001.39
	(ii). Port and Dock Services	7,766.30	8,305.64	8942.51	9800.21	11461.90	8,962.87	9,786.27	11,445.59
	(iii). Estate	1,136.30	1,095.81	1058.03	1058.03	1058.03	3,753.96	4,042.73	4,926.35
	(iv). Railways						119.99	127.19	127.19
	Total Operating Income	**24,354.68**	**23,980.20**	**24,616.54**	**29,353.93**	**33,521.32**	**27,452.80**	**32,451.81**	**37,500.52**
III	**Operating Expenditure**								
	(i). Cargo Handing And Storage activity	1,929.49	1,926.53	2399.37	2576.22	2794.49	2,059.28	2,223.61	2,406.15
	(ii). Port and Dock activity	4,706.20	5,230.16	6524.00	5630.67	6089.37	5,639.13	6,092.64	6,461.78
	(iii). Estate	611.20	438.01	764.94	820.24	879.41	468.67	496.79	661.03
	(iv). Railways						405.67	456.69	484.09
	Sub total	**7,246.89**	**7,594.70**	**9,688.31**	**9,027.13**	**9,763.27**	**8,572.76**	**9,269.72**	**10,013.06**
IV	**Depreciation**								
	(i).Cargo Handing And Storage activity	718.57	607.61	607.61	639.64	639.64	607.61	639.64	773.64
	(ii). Port and Dock activity	992.68	854.30	1352.28	1885.88	2769.20	1,352.28	2,090.29	3,178.02
	(iii). Estate	36.07	29.20	29.20	29.20	29.20	29.20	29.20	29.20
	(iv). Railways						63.43	297.11	417.06
	Total Depreciation	**1,747.32**	**1,491.11**	**1,989.09**	**2,554.72**	**3,438.04**	**2,052.52**	**3,056.24**	**4,397.92**
V	Total operating Expenditure	**8,994.21**	**9,085.81**	**11,677.40**	**11,581.85**	**13,201.31**	**10,625.28**	**12,325.96**	**14,410.98**
VI	**Gross Operating Surplus (II-III-IV)**	**15,360.47**	**14,894.38**	**12,939.14**	**17,772.08**	**20,320.01**	**16,827.53**	**20,125.85**	**23,089.54**
VII	**Allocated Management & General Overheads**	**5,075.93**	**5,536.39**	**6848.37**	**7339.36**	**7853.27**	**6,162.01**	**6,531.73**	**6,923.64**
VIII	**Operating Surplus after MGT**	**10,284.54**	**9,358.00**	**6,090.77**	**10,432.72**	**12,466.74**	**10,665.51**	**13,594.12**	**16,165.91**
IX	(i). Finance and Miscellaneous Income	1,273.46	2137.55	786.94	794.81	802.75	789.90	797.81	805.78
	(ii). Finance and Miscellaneous Exp	2,196.69	2943.83	884.42	946.33	1012.57	2,339.27	2,361.16	2,382.04
	FME-FMI	**923.23**	**806.28**	**97.48**	**151.52**	**209.82**	**1,549.37**	**1,563.35**	**1,576.26**
X	**Net Operating surplus / deficit (V-VI-VII)**	**9,361.31**	**8,551.72**	**5,993.29**	**10,281.20**	**12,256.92**	**9,116.14**	**12,030.77**	**14,589.65**
XI	Capital employed	64,443.46	45,340.11	49,328.91	64,582.09	108,948.96	46,901.44	73,137.35	127,334.54
	Business Assets	63,644.87	44,559.55	48,467.66	63,729.02	108,103.06	46,138.91	72,392.85	126,608.07
	Less Net Fixed asset funded from Escrow Account	19,952.13	24,632.86	-	-	-	24,217.39	31,499.67	41,012.08
	Business Assets less funded from Escrow Account	43,692.74	19,926.69	48,467.66	63,729.02	108,103.06	21,921.52	40,893.18	85,596.00
	Business Related Assets	798.59	780.56	861.25	853.07	845.90	762.53	744.50	726.47
XII	**ROCE**	7056.32	3252.28	7,827.17	10,268.30	17,367.54	3,570.96	6,609.17	13,760.01
	Business Assets @ 16%	6990.84	3188.27	7,754.83	10,196.64	17,296.49	3,507.44	6,542.91	13,695.36
	Business Related Assets (2011-12 & 2012-13 @ 8.2%, 2013-14 @ 8.33% & 2014-15 onwards @ 8.9%). The VOCPT has considered 8.40% in its estimates.	65.48	64.01	72.35	71.66	71.05	63.52	66.26	64.66
XIII	**Capacity Utilisation**	77.2%	79.0%	74.00%	66.00%	45.00%	85.1%	87.4%	87%
XIV	Total ROCE linked to capacity utilisation	7056.32	3252.28	7,827.17	10,268.30	17,367.54	3,570.96	6,609.17	13,760.01
XV	Net Surplus / Deficit after ROCE	2,305.00	5,299.45	(1,833.88)	12.90	(5,110.62)	5,545.18	5,421.60	829.63
XVI	(a). Adjustment of 50% Surplus of the past period 2011-12 and 2012-13 transferred to the Dredging activity	3,802.23					-	-	-
	(b). 100% Estimated surplus for the year 2013-14 set off in 2014-15 and 2015-16						(5,545.18)	2,772.59	2,772.59
XVII	Net Surplus after adjustment of the surplus	1,152.50	2,649.73				-	8,194.19	3,602.22
XVIII	**Net Surplus as percentage of operating income**	**4.73%**	**11.05%**	**-7.45%**	**0.04%**	**-15.25%**	**-**	**25.3%**	**9.6%**
XIX	Total net surplus for the years 2013-14 to 2015-16							11796.41	
XX	**Average Surplus / Shortfall as a % on Total Income**				**-7.60%**			**17.43%**	

Summary of Surplus

Sl. No.	Description	2013-14	2014-15	2015-16
(i).	Net Suplus/Deficit as mentioned in sl.no.XVI above	-	8,194.19	3,602.22
(ii).	Less Railways Deficit	-	(1,895.92)	(2,083.69)
(iii).	Net Surplus/Deficit excluding Railways	-	10,090.11	5,685.92
(iv).	Net surplus % of Operating income		22.63%	

ANNEX - III (b)

COST STATEMENT OF PORT AND DOCK ACTIVITY

Rs in lakhs

		Actuals (Excluding Dredging)		As furnished by VOCPT (Excuding Dredging)			Modified Estimates by TAMP (Including Dredging activity income from 2014-15 September onwards)		
SL. No.	Description	2011-12 Actuals	2012-13 Actuals	Estimates 2013-14	Estimates 2014-15	Estimates 2015-16	Estimates 2013-14	Estimates 2014-15	Estimates 2015-16
I	Operating Income	9,517.90	10,101.43	11,054.49	12,287.88	14,943.39	11,074.85	11,030.10	11,445.59
	Less : Dredging income	1,751.60	1,795.79	2,111.98	2,487.67	3,481.49	2,111.98	1,243.84	-
	Total Operating Income	**7,766.30**	**8,305.64**	**8,942.51**	**9,800.21**	**11,461.90**	**8,962.87**	**9,786.27**	**11,445.59**
II	**Operating Cost**								
	Operating Cost (excluding Depreciation)	4,706.20	5,230.16	6,524.00	5,630.66	6,089.38	5,639.13	6,092.64	6,461.78
	Depreciation as per the Companies Act	992.68	854.30	1,352.28	1,885.88	2,769.20	1,352.28	2,090.29	3,178.02
	Total operating expenditure	**5,698.88**	**6,084.46**	**7,876.28**	**7,516.54**	**8,858.58**	**6,991.41**	**8,182.93**	**9,639.80**
III	**Gross Operating Surplus (I-II)**	**2,067.42**	**2,221.18**	**1,066.23**	**2,283.67**	**2,603.32**	**1,971.45**	**1,603.34**	**1,805.79**
IV	Allocated Managenment and Genl. Administration	3,274.27	3,780.14	4,641.52	4,729.85	5,200.73	4,044.75	4,287.43	4,544.68
V	(I). Finance and Miscellaneous Income	406.08	740.35	285.87	265.36	274.48	285.87	265.36	274.48
	(II). Finance and Miscellaneous Exp	676.48	1,249.17	599.42	609.86	670.50	1,570.13	1,506.96	1,562.07
	FME - FMI	270.40	508.82	313.55	344.50	396.02	1,284.26	1,241.60	1,287.59
VI	**Net Operating surplus / deficit (IV-V-VI-VII)**	(1,477.25)	(2,067.78)	(3,888.84)	(2,790.68)	(2,993.43)	(3,357.56)	(3,925.69)	(4,026.48)
VII	Capital employed	36,596.99	25,984.07	33,536.24	47,674.19	87,753.99	29,793.50	53,841.96	103,943.05
	Business Assets	36,596.99	25,984.07	-	-	-	29,793.50	53,841.96	103,943.05
	Less Net Fixed asset relating to capital dredging funded from Escrow Account	19,952.13	24,632.86	-	-	-	24,217.39	31,499.67	41,012.08
	Business Assets less funding from Escrow Account	16,644.86	1,351.21	-	-	-	5,576.11	22,342.29	62,930.97
	Business Related Assets	-	-	-	-	-	-	-	-
VIII	ROCE	2,663.18	216.19	5,321.30	7,580.01	13,988.85	892.18	3,574.77	10,068.96
	Business Assets @ 16%	2,663.18	216.19	-	-	-	892.18	3,574.77	10,068.96
	Business Related Assets (2011-12 & 2012-13 @ 8.2%, 2013-14 @ 8.33% & 2014-15 onwards @ 8.9%)	-	-	-	-	-	-	-	-
IX	Net Surplus/deficit after ROCE and after pension deficit (considered by TPT)	**(4,140.42)**	**(2,283.96)**	**(9,210.13)**	**(10,370.68)**	**(16,982.27)**	**(4,249.74)**	**(7,500.45)**	**(14,095.44)**
X	100% Estimated deficit for the year 2013-14 set off in 2014-15 and 2015-16						**4,249.74**	**(2,124.87)**	**(2,124.87)**
XI	**Net Surplus after adjustment of deficit for the year 2013-14**						**-.00**	**(9,625.32)**	**(16,220.31)**
XII	**Capacity Utilisation**	-53.3%	-27.5%	-103.0%	-105.8%	-148.2%	0.0%	-98.4%	-141.7%
XIII	Average Surplus as a % on Income				-127%			-120%	

ANNEX - III (c)

COST STATEMENT OF CARGO HANDLING AND STORAGE ACTIVITY

₹ in lakhs

SL. No.	Description	Actuals		As furnished by VOCPT			Modified Estimates by TAMP		
		2011-12 Actuals	2012-13 Actuals	Estimates 2013-14	Estimates 2014-15	Estimates 2014-15	Estimates 2013-14	Estimates 2014-15	Estimates 2014-15
	Traffic of Port (exclusively)	**188.79**	**190.34**	**204.84**	**210.46**	**210.50**	**204.84**	**210.46**	**210.50**
I	**Income**								
	Operating Income	19,915.61	19,634.52	19,671.77	26,887.58	31,139.09	19,671.77	26,887.58	31,139.09
	Less: 50% Royalty Income transferred to Escrow Account	4,463.52	5,055.78	5,055.78	8,391.95	10,137.70	5,055.78	8,391.95	10,137.70
	Total Operating Income	**15,452.09**	**14,578.74**	**14,616.00**	**18,495.64**	**21,001.39**	**14,615.99**	**18,495.63**	**21,001.39**
II	**Operating Cost**								
	Operating Cost (excluding Depreciation)	1,929.49	1,926.53	2,399.36	2,576.20	2,794.48	2,059.28	2,223.61	2,406.15
	Depreciation as per Companies Act	718.57	607.61	607.61	639.64	639.64	607.61	639.64	773.64
	Total operating expenditure	**2,648.06**	**2,534.14**	**3,006.97**	**3,215.84**	**3,434.12**	**2,666.89**	**2,863.25**	**3,179.79**
III	**Gross Operating Surplus (I-II-III)**	**12,804.03**	**12,044.60**	**11,609.03**	**15,279.80**	**17,567.27**	**11,949.10**	**15,632.38**	**17,821.60**
IV	Allocated Managenment and Genl. Administration	1,394.29	1,451.51	1,692.19	2,001.20	2,035.05	1,553.12	1,646.30	1,745.08
V	(I). Finance and Miscellaneous Income	807.97	1,299.52	467.24	500.80	502.93	467.24	500.80	502.93
	(II). Less: Finance and Miscellaneous Exp	288.09	479.66	218.53	258.03	262.37	572.42	637.59	611.25
	FME - FMI	**(519.88)**	**(819.86)**	**(248.71)**	**(242.77)**	**(240.56)**	**105.18**	**136.79**	**108.32**
VI	**Net Operating surplus / deficit (V-VI-VII-VIII)**	11,929.62	11,412.95	10,165.55	13,521.37	15,772.78	10,290.80	13,849.29	15,968.21
VII	Capital employed	26,491.42	18,497.25	15,068.48	16,169.70	20,269.60	13,386.79	14,701.57	18,458.32
	Business Assets	26,491.42	18,497.25	-	-	-	13,386.79	14,701.57	18,458.32
	Business Related Assets	-	-	-	-	-	-	-	-
VIII	ROCE	4,238.63	2,959.56	2,390.96	2,570.92	3,231.17	2,141.89	2,352.25	2,953.33
	Business Assets @ 16%	4,238.63	2,959.56	-	-	-	2,141.89	2,352.25	2,953.33
	Business Related Assets (2011-12 & 2012-13 @ 8.2%, 2013-14 @ 8.33% & 2014-15 onwards @ 8.9%)	-	-	-	-	-	-	-	-
IX	**Capacity utilisation**	77.2%	79.04%	0.0%	0.0%	0.0%	85%	87%	87%
X	ROCE linked to capacity utilisation	4,238.63	2,959.56	2,390.96	2,570.92	3,231.17	2,141.89	2,352.25	2,953.33
XI	**Net Surplus after ROCE**	**7,690.99**	**8,453.39**	**7,774.59**	**10,950.45**	**12,541.61**	**8,148.91**	**11,497.04**	**13,014.87**
XII	100% Estimated surplus for the year 2013-14 set off in 2014-15 and 2015-16						**(8,148.91)**	**4,074.46**	**4,074.46**
XIII	**Net Surplus after adjustment of surplus for the year 2013-14**						**-.00**	**15,571.50**	**17,089.33**
XIV	**Net Surplus as percentage of operating income**	**49.77%**	**57.98%**	**53.19%**	**59.21%**	**59.72%**	**0.00%**	**84.19%**	**81.37%**
XV	**Average Surplus as a % on Income**				**59.46%**			**82.78%**	

ANNEX - III (d)

COST STATEMENT OF ESTATE ACTIVITY

₹ in lakhs

Sl. No.	Description	2011-12 Actuals	2012-13 Actuals	As furnished by VOCPT			Modified Estimates by TAMP		
				Estimates 2013-14	Estimates 2014-15	Estimates 2015-16	Estimates 2013-14	Estimates 2014-15	Estimates 2015-16
I	Operating Income	1,136.29	1,095.81	1,058.03	1,058.03	1,058.03	3,753.96	4,042.73	4,926.35
	Total Operating Income	**1,136.29**	**1,095.81**	**1,058.03**	**1,058.03**	**1,058.03**	**3,753.96**	**4,042.73**	**4,926.35**
II	Operating Cost (excluding Depreciation)	611.20	438.01	764.13	819.43	878.60	468.67	496.79	661.03
	Depreciation	36.07	29.20	29.20	29.20	29.20	29.20	29.20	29.20
	Total operating expenditure	**647.27**	**467.21**	**793.33**	**848.63**	**907.80**	**497.87**	**525.99**	**690.23**
III	**Gross Operating Surplus (I-II-III)**	**489.02**	**628.60**	**264.70**	**209.40**	**150.23**	**3,256.09**	**3,516.74**	**4,236.11**
IV	Allocated Managenment and Genl. Administration	407.37	304.74	515.50	609.14	618.24	326.07	345.64	366.37
V	(I) Finance and Miscellaneous Income	59.41	97.68	33.82	28.65	25.34	33.82	28.65	25.34
	(II) Finance and Miscellaneous Exp	84.17	100.70	66.47	78.43	79.71	174.11	193.80	185.70
	FME - FMI	24.76	3.02	32.65	49.78	54.37	140.29	165.15	160.36
VI	**Net Operating surplus / deficit (V-VI-VII)**	**56.89**	**320.84**	**(283.45)**	**(449.52)**	**(522.38)**	**2,789.72**	**3,005.95**	**3,709.38**
VII	Capital employed	1,355.04	858.78	724.19	738.20	925.37	1,405.90	1,415.68	1,598.09
	Business Assets	556.45	78.22	-	-	-	643.37	671.18	871.62
	Business Related Assets	798.59	780.56	-	-	-	762.53	744.50	726.47
VIII	ROCE	154.52	76.52	114.91	117.37	147.51	166.46	173.65	204.11
	Business Assets @ 16%	89.03	12.52	-	-	-	102.94	107.39	139.46
	Business Related Assets (2011-12 & 2012-13 @ 8.2%, 2013-14 @ 8.33% & 2014-15 onwards @ 8.9%)	65.48	64.01	-	-	-	63.52	66.26	64.66
IX	Net Surplus after ROCE	**(97.63)**	**244.32**	**(398.36)**	**(566.89)**	**(669.89)**	**2,623.26**	**2,832.30**	**3,505.26**
X	100% Estimated surplus for the year 2013-14 set off in 2014-15 and 2015-16						**(2,623.26)**	**1,311.63**	**1,311.63**
XI	**Net Surplus after adjustment of surplus for the year 2013-14**						**-.00**	**4,143.93**	**4,816.89**
XII	**Net Surplus as percentage of operating income**	**-8.59%**	**22.30%**		**-53.58%**	**-63.31%**	**0.00%**	**102.50%**	**97.78%**
XIII	**Average Surplus as a % on Income**				**-58.45%**			**100.14%**	

ANNEX - III (e)

COST STATEMENT OF RAILWAY ACTIVITY

₹ in lakhs

Sl. No.	Description	Actuals (Excluding Dredging)		As furnished by VOCPT			Modified Estimates by TAMP		
	Income	**Actuals 2011-12**	**Actuals 2012-13**	**Estimates 2013-14**	**Estimates 2014-15**	**Estimates 2015-16**	**Estimates 2013-14**	**Estimates 2014-15**	**Estimates 2015-16**
I	Operating Income	197.58	139.05	119.99	127.19	127.19	119.99	127.19	127.19
	Total Operating Income	**197.58**	**139.05**	**119.99**	**127.19**	**127.19**	**119.99**	**127.19**	**127.19**
II	**Operating Cost**								
	Operating Cost (excluding Depreciation)	371.99	423.52	405.67	456.69	503.96	405.67	456.69	484.09
III	Depreciation as per the Companies Act	63.43	63.43	63.43	297.11	417.06	63.43	297.11	417.06
IV	Total operating expenditure	**435.42**	**486.95**	**469.10**	**753.80**	**921.02**	**469.10**	**753.80**	**901.15**
V	**Gross Operating Surplus (I-II-III)**	**(237.84)**	**(347.90)**	**(349.11)**	**(626.61)**	**(793.83)**	**(349.11)**	**(626.61)**	**(773.96)**
VI	Allocated Managenment and Genl. Administration	226.46	222.50	282.32	300.67	320.22	238.08	252.36	267.50
VII	(I) Finance and Miscellaneous Income	10.01	9.64	2.97	3.00	3.03	2.97	3.00	3.03
	(II) Less: Finance and Miscellaneous Exp	8.49	32.34	8.63	9.23	9.88	22.61	22.82	23.02
	FME - FMI	(1.52)	22.70	5.66	6.23	6.85	19.64	19.82	19.99
VIII	**Net Operating surplus / deficit (V-VI-VII)**	(462.78)	(593.10)	(637.09)	(933.51)	(1,120.90)	(606.82)	(898.79)	(1,061.45)
IX	Capital employed	182.10	118.67	2,315.25	3,178.14	3,335.08	2,315.25	3,178.14	3,335.08
X	ROCE	29.14	18.99	370.44	508.50	533.61	370.44	508.50	533.61
	Business Assets @ 16%	29.14	18.99	-	-	-	370.44	508.50	533.61
	Business Related Assets (2011-12 & 2012-13 @ 8.2%, 2013-14 @ 8.33% & 2014-15 onwards @ 8.9%)	-	-	-	-	-	-	-	-
	Total ROCE	29.14	18.99	370.44	508.50	533.61	370.44	508.50	533.61
XI	Net Surplus after ROCE	(491.92)	(612.09)	(1,007.53)	(1,442.02)	(1,654.51)	(977.26)	(1,407.29)	(1,595.06)
XII	Net Surplus after adjustment of deficit for the year 2013-14						977.26	(488.63)	(488.63)
XIII	Net Surplus after adjustment of deficit for the year 2013-14						-	(1,895.92)	(2,083.69)
XIV	Net Surplus as percentage of operating income	-248.97%	-440.19%	-839.68%	-1133.75%	-1300.82%	0.00%	-1490.62%	-1638.25%
XV	Average Surplus / Shortfall as a % on Total Income				-1217%			-1564%	

ANNEX - IV

Analysis of the Past Period for the years 2011-12 and 2012-13 of VOCPT Cargo Handling Division

₹ in lakhs

Sl No	Description	As per last Order			Considered by TAMP			% Variation in Total
		Estimates 2011-12	Estimates 2012-13	Total	Actuals 2011-12	Actuals 2012-13	Total	
1	Traffic (in lakh tonnes)	129.42	135.89	265.31	139.16	133.75	272.91	2.86%
2	Operating cost							
(i)	Total Payment to employees and employee related exp	4,515.93	4,785.40	9,301.33	4,898.59	5,628.62	10,527.21	13.18%
(ii)	Administrative Exp	233.18	247.17	480.35	262.11	123.45	385.56	-19.73%
	Total Operating Expenditure	4,749.11	5,032.57	9,781.68	5,160.70	5,752.07	10,912.77	11.56%
3	Depreciation	1.83	1.91	3.74	1.72	1.82	3.54	-
4	**Total Operating Expenditure (Incl. Depreciation)**	**4,750.94**	**5,034.48**	**9,785.42**	**5,162.42**	**5,753.89**	**10,916.32**	**11.56%**
5	F&M Expenditure	662.48	702.23	1,364.71	789.00	294.99	1,083.99	-20.57%
6	Total Expenditure	5,413.42	5,736.71	11,150.13	5,951.42	6,048.88	12,000.31	7.62%
7	ROCE	2.23	1.97	4.20	2.23	1.99	4.22	
8	**Total Expenditure Plus ROCE**	**5,415.65**	**5,738.68**	**11,154.33**	**5,953.65**	**6,050.87**	**12,004.52**	**7.62%**
9	**Less Wages recovered**	**2,933.59**	**3,256.28**	**6,189.87**	**2,836.49**	**2,036.79**	**4,873.28**	**-21.27%**
10	**Levy collected by VOCPT (Estimates show the levy collected on prorata basis till September 2011). Actual reflect the actual levy collected.**	**1,560.82**	**Levy was determined to meet expenditure**	**1,560.82**	**3,279.55**	**2,137.83**	**5,417.38**	**-**
11	Balance Expenditure to be recovered by way of levy	921.24	2,482.40	3,403.64	(162.39)	1,876.25	1,713.86	-
12	Less: Income expected by deployment of labour for handling containers (In actual it forms part of Levy collected)	73.76	73.76	147.52	-	-	-	-
13	Balance Expenditure to be recovered by way of levy (Actual represents the actual Levy collected by the Port)	847.48	2,408.64	3,256.12	-	-	-	-
14	**Actual Levy collected vis-a-vis Estimated per tonne levy collectable (9+11+12) [This is only for Comparison purpose]**	**2,482.06**	**2,482.40**	**4,964.46**	**3,279.55**	**2,137.83**	**5,417.38**	**9.12%**
15	Balance (Shortfall)/ Excess recovery after collecting the actual levy in actual terms.	-	-	-	162.39	(1,876.25)	(1,713.86)	-

ANNEX - V

Calculation sheet for arriving levy for V.O. Chidambaranar Port Trust Cargo Handling Division

Sl No	Description	Tonnage and hook shift estimates furnished by the VOCPT							
		2013-14		2014-15		2015-16		Tonnage considered by TAMP 2014-15 (from October 2014 onwards) to 2015-16	
		Tonnage (in lakh tonnes)	Hook shifts	Tonnage (in lakh tonnes)	Hook shifts	Tonnage (in lakh tonnes)	Hook shifts	Tonnage (in lakh tonnes)	Hook shifts
1	Main Pool	124.40	17916	130.62	18812	137.15	19753	202.46	29159
2	Coal at Jetty II	30.00	3168	31.50	3327	33.08	3493	48.83	5157
3	Salt	1.16	366	1.22	385	1.28	404	1.89	597
	Total	155.56	21451	163.34	22524	171.51	23650	253.18	34912

₹ in lakhs

Total Expenditure to be met from levy		Estimates furnished by the VOCPT					Considered by TAMP	Modified Estimates by TAMP			
Sl No	Description	2012-13 Actuals Furnished by VOCPT	2013-14	2014-15	2015-16	Average for the years 2012-13 to 2015-16	2012-13 Actuals	2013-14	2014-15	2015-16	Total for the years 2013-14 to 2015-16
1	Operating cost										
(i)	Total Payment to employees and employee related exp	5,628.62	5,830.64	6,238.79	6,675.50	6,093.39	5,628.62	5,801.30	5,997.86	6,104.55	17,903.72
(ii)	Administrative Exp	123.45	333.67	357.03	382.03	299.05	123.45	132.10	140.02	148.42	420.54
	Total Operating Expenditure	5,752.07	6,164.31	6,595.82	7,057.53	6,392.43	5,752.07	5,933.40	6,137.88	6,252.97	18,324.26
2	Depreciation	1.82	1.30	1.14	1.08	1.34	1.82	1.30	1.14	1.08	3.52
3	**Total Operating Expenditure (Incl. Depreciation)**	**5,753.89**	**6,165.61**	**6,596.96**	**7,058.61**	**6,393.77**	**5,753.89**	**5,934.70**	**6,139.02**	**6,254.05**	**18,327.78**
4	F&M Expenditure	1,353.06	1,400.04	1,484.04	1,573.08	1,452.56	294.99	315.64	334.58	354.65	1,004.87
5	Total Expenditure	7,106.95	7,565.65	8,081.00	8,631.69	7,846.32	6,048.88	6,250.34	6,473.60	6,608.71	19,332.64
6	ROCE	75.13	74.92	74.74	74.57	74.84	1.99	1.78	1.60	1.43	4.80
7	**Total Expenditure Plus ROCE**	**7,182.08**	**7,640.57**	**8,155.74**	**8,706.26**	**7,921.16**	**6,050.87**	**6,252.12**	**6,475.20**	**6,610.13**	**19,337.45**
8	Less Wages recovered (From 2013-14 VOCPT proposes to include it as part of the per ton levy hence income not estimated) [In TAMP cost statement estimated wages recovery for 2013-14 to 2014-15 upto 30 Sept 2014 based on existing system is captured]	-	-	-	-	-	2,036.79	2,511.05	1,397.42	To be determined from Oct 2014 to March 2016	3,908.47
9	Levy income from levy upto September 2014	-	-	-	-	-	2,137.83	2,486.44	1,305.40		3,791.84
10	Deficit of 2011-12 with payment to ESI spread over five years by VOCPT	42.20	42.20	42.20	42.20	42.20	-	-	-	-	-
11	**Balance Expenditure to be recovered by way of levy (11=7-8-9-10)**	**7,224.28**	**7,682.77**	**8,197.94**	**8,748.46**	**7,963.36**	**1,876.25**	**1,254.63**	**3,772.39**	**6,610.13**	**11,637.15**
12	Less: Income expected by deployment of labour for C&F operations of transit shed and ware house etc.	-	-	-	-	-	-	160.32	160.32	160.32	480.96
13	**Balance Exp to be recovered after the above adjustment (13=11-12)**	**7,224.28**	**7,682.77**	**8,197.94**	**8,748.46**	**7,963.36**	**1,876.25**	**1,094.31**	**3,612.07**	**6,449.81**	**11,156.19**

Apportionment of Expenditure to recover the levy

		Furnished by the VOCPT				Modified by TAMP			
Sl No	**Description**	**Average Hooks**	**Average Expenditure to be recovered**	**Averge Tonnage (in lakh tonnes)**	**Rate per tonne**	**Hooks-2014-15 (from October 2014 onwards) to 2015-16**	**Expenditure to be recovered-2013-14 to 2015-16**	**Tonnage (in lakh tonnes)-2014-15 (from October 2014 onwards) to 2015-16**	**Rate per tonne**
1	Main Pool	17633	6552.10	106.89	61.30	29159	9317.81	202.46	46.03
2	Coal at Jetty II	3424	1272.29	32.42	39.24	5157	1647.77	48.83	33.74
3	Salt	374	138.97	1.19	116.78	597	190.61	1.89	100.85
	Total	21431	7963.36	140.50		34912	11156.19	253.18	

Sl No		**Existing Rate**	**Revised proposed rate**	**Rate to be approved**
1	All Cargoes including salt (other than Coal at coal jetty II)	17.25	61.30	46.03
2	Coal at Jetty II	10.45	39.24	33.74
3	Salt	18	63.96	55.24
4	For container stuffing and destuffing operations	@ 200% of Time Rate wages	As in Sl. No.1 above	As in Sl. No.1 above
5	C&F Operation at Transit Shed and Ware house etc. levy	10	35.54	26.69
6	For Zone 'B'	10	35.54	26.69
7	Pension fund levy	9	30.15	25.10

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/47/2012-VOCPT - Proposal received from the V.O. Chidambaranar Port Trust for general revision of its Scale of Rates.

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

Sl. No.	Comments of the users / user organisations	Reply furnished by VOCPT
1.	**Tamil Nadu Electricity Board and Tuticorin Thermal Power Station**	
(i).	The VOCPT has proposed to increase wharfage dues by 7.6%, levy for supply of labour by 175.6%, pension levy fund by 75.4%, way leave charges by 7.7% and vessel related charges by 7.5% in respect of thermal coal handled at CJ-I and CJ-II berths. In this regard, the following remarks are furnished:	The proposed rates are based on the guidelines notified by the Authority with respect to the cost and return allowable. Port has not increased the basic cargo and vessel related charges since 2002 except for restatement of coastal rates with respect to 60% of foreign rates as per the policy adopted by Government of India. Hence, the increase is inevitable and is justified.
	(a). The berth hire charges proposed by VOCPT (₹0.129/GRT/Hr) is more compared to Haldia (0.0437), Paradip (0.058) and Vizag (0.0307) ports by +195%, +122% and +320% respectively.	As already replied during the previous revisions, the comparison of rates in other Major Port Trusts are not relevant for tariff fixation. The tariff fixation is based on the cost incurred in each port and return on investment which differ from port to port.
	(b). The wharfage due proposed by VOCPT (₹40.90/MT) is +173% more compared to Vizag Port (₹15/MT). However, all the calculations of VOCPT for wharfage dues of TANGEDCO are based on the existing rate (₹38/MT) in Form-2B/ Income Projections.	
	(c). The request of VOCPT for pension fund levy may be examined in accordance with clause 2.5.2 and 4.7.2 of guidelines for regulation of tariff dated 31 March 2005 given by TAMP. The pension fund levy has been proposed to be collected over a period of 5 years; however this period may be increased to 10 years or more to reduce steep increase in tariff.	The actual pension fund of port is less than the requirement of Actuarial Valuation as on 31.3.2013. Considering the need to recoup the pension fund with respect to the shortfall cited and the continuous increase in salaries due to normal increments and increase in Dearness Allowance and the impact of revision of salaries with effect from 1.1.2012, the recovery of pension fund levy over a period of five years is the barest minimum. Hence the request is not agreed to.
	(d). The levy for supply of labour is increased abnormally by 175.6% (i.e. ₹28.79/MT) which is very high. The levy for supply of labour may be increased by 50% from the existing tariff of ₹10.45/MT (i.e. ₹15.66/MT).	The proposed levy for supply of labour is arrived based on the relevant labour cost involved for the handling of coal hence the proposed levy is justifiable.
	(e). It is suggested that the proposed cleaning charges of ₹5/MT for handling of dusty cargo need not be considered for Thermal Coal at Coal Jetty (CJ) 1 and CJ2 as at CJ1 and CJ2, coal is unloaded directly into Hoppers and conveyed by conveyors to T.T.P.S. and the cleaning is done by T.T.P.S.	The cleaning charges at ₹5/- per MT is proposed for all the dusty cargoes moved through road to bear the cleaning expenditure through sweeping machines regularly as the port has to comply with Environmental Management System (EMS) and Tamil Nadu Pollution Control Board regulations.

<table>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td>(f). The calculations of VOCPT are made based on a quantity of 60 lakh tonnes/ annum of Thermal Coal for TANGEDCO in Form-2A/ Traffic Projections. However, during 2012-13 the quantity of Thermal Coal handled at VOCPT was 66 lakh tonnes. Hence, the actual income will be more than the amount projected by VOCPT.</td><td>The traffic handled in respect of thermal coal for the past five years is reproduced below:
(in lakh tonnes)<table><tr><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th><th>2012-13</th></tr><tr><td>58.80</td><td>56.03</td><td>53.49</td><td>60.50</td><td>66.61</td></tr></table>If TNEB can guarantee higher volumes based on mutual agreement, then possible incentive may be considered on merits. The port proposal, therefore, stands.</td></tr>
<tr><td></td><td>(g). The change in average cost for T.T.P.S. on implementation of proposed tariff is “Nil” as mentioned in Form-1/Item No.5/T.T.P.S. This gives an understanding that there is no need for tariff rise for Vessel Related Charges and Cargo Handling Charges for TANGEDCO (i.e. at CJ1 and CJ2).</td><td>Under Form-1/ Item No.5 it is stated that the average cost is furnished from the point of view of principal user. The rate of increase proposed is 7.51% plus pension fund levy at ₹17.96 per MT. The figure for both before and after tariff change is wrongly furnished at the same level in Form-1. This is since corrected by adopting the above percentage of increase and pension fund levy.</td></tr>
<tr><td>(ii).</td><td>In view of the above, it is requested that:</td><td></td></tr>
<tr><td></td><td>(a). The present scale of rates may be maintained for cargo related and vessel related charges at CJ1 and CJ2 of VOCPT for TANGEDCO’s Thermal Coal to T.T.P.S.</td><td rowspan="4">Refer reply furnished at Sl. No.1(i) above.</td></tr>
<tr><td></td><td>(b). The pension fund levy has been proposed to be collected over a period of 5 years; however this period may be increased to 10 years or more to reduce steep increase in tariff.</td></tr>
<tr><td></td><td>(c). The cleaning charges of ₹5/MT for handling of dusty cargo need not be considered for Thermal Coal at CJ1 and CJ2.</td></tr>
<tr><td></td><td>(d). The levy for supply of labour increased abnormally by 175.6% (i.e. ₹28.79/MT) is very high. Allow 50% increase from the existing tariff of ₹10.45/MT to ₹15.66/MT.</td></tr>
<tr><td>2.</td><td>Southern Petrochemical Industries Corporation Ltd. (SPIC)</td><td></td></tr>
<tr><td></td><td>SPIC is one of the largest fertilizer manufacturing companies and its factory is located at Tuticorin adjacent to the port. SPIC handled 3,54,000 MT of imported raw materials by shipments during last financial year through VOC Port, Tuticorin. The proposed Scale of Rates is not acceptable. In present situation, the international raw material price is very high and further increasing of Scale of Rates will also increase our procurement cost of raw materials. In view of this, cost of fertilizer production will increase and our industry will be affected. The economy is already staggering due to drought conditions and scanty rainfall leading to 30% shortfall in agricultural production. The proposed increase in Scale of Rates will affect not only the company but also the society at a large and hence, it is earnestly requested that the proposed increase of Scale of Rates by the VOCPT may please be dropped.</td><td>No comments furnished by VOCPT.</td></tr>
</table>

3.	**Tuticorin Stevedores' Association**	
(i).	The proposed revision in rates is beyond the capacity of the trade. It is unfair on the part of the port to tax the stevedores with such new levies like Pension Fund Levy, cleaning charges and exorbitant increase of rental charges at par with Chennai Port. On going through the financial reports of the VOC Port for the past 5 years, it is noticed that the port has earned net surplus as detailed below: 2008-09 - 128.46 crores 2009-10 - 131.87 crores 2010-11 - 148.96 crores 2011-12 - 147.02 crores Port may please give the net surplus for the year 2012-13 and ROCE for the corresponding periods.	-
(ii).	Dredging Levy: The port trust has proposed for special rate of Capital Dredging. Please note the capital dredging levy has been already ceased to be levied from 01/04/2013. Therefore, it is suggested to drop the claim of dredging levy for all berths as per the directive of TAMP. The dredging levy is still being collected by VOCPT (i.e. from 1 April 2013 to till date).	The balance dredging cost to be recovered at the end of proposed tariff revision cycle (i.e.,) 2016-17 with the current dredging levy is ₹2690.10 lakhs as per Statement-B relating to dredging activity. Therefore, the question of dropping the claim of dredging levy does not arise in the current tariff revision cycle.
(iii).	Licence Storage Fee: As per point no.3.3 for the revised rate of licence storage fee, the rate has been increased by 150% to ₹16 per sq. mt. for open space outside the security wall. With respect to open space within the security wall, the increase is by 300%. Such a huge increase in storage fee in open space will have the high impact on the transaction cost for EXIM Trade. We, therefore, suggest for nominal increase of 5% over the existing rate.	The revised rate proposed is to improve the quick evacuation of cargo and to pave way for incoming cargoes. Also, the rates are comparable to nearby ports.
(iv).	Labour levy & Pension fund levy: (a). It is proposed to collect ₹17.96/MT as pension fund levy from the cargo handling activities alone. The rationale behind collecting the levy on cargo handling activities alone could not be understood. If the cargo handling activities is taxed with such a huge burden of 17.96/MT, it will be highly detrimental to the trade. The pension fund should have been discontinued w.e.f. 01/04/2013. But still is being collected. Please advise port to stop collection. (b). As per Schedule 6.1 and 6.2, port has proposed substantial increase in CHD labour levy and pension fund levy. With the existing levy structure itself, the port has a surplus in the	Considering the reply furnished at Sl.No.1(i)(c) above, the pension fund levy is required to be continued. Due to the reduction in the manning scale based on the Tribunal Award and the implementation of the same with effect from 21 May 2012, there is a drop in worker wages of the order of ₹5.76 crores during 2012-13. This is expected to be around ₹8.00 crores in 2013-14 for the full year. Hence, the levy rate is required to be enhanced to offset the shortfall in recovery of worker wages in addition to recover increase in salaries due to normal increments,

	levy to provide for necessary Labour Welfare and to fulfill the pension liabilities. Information has not been provided about the deposit amount available with the port already and reason for increase has not been substantiated with any cost workings. Moreover, in the past following berths were licenced under BOT to private operation who are dispensed with using labours. If they were employed by BOT operators, the question of short employment and loss of levy would not have arose. Berth No.7 and 8 (Container Terminal), Bulk Coal Jetty I, North Cargo Berth 1 to 4, Shallow Draft Berth 2 nos. total 9 berths are scot free without labour thus depriving employment to CHD labour resulting in less levy and shortfall. So it is our humble request that any shortfall in meeting pension commitment has to be met by such berth users or patronized by port from the revenue share, royalty collections, etc.	dearness allowance, etc. The deployment of Port Cargo Handling Labour in respect of BOT berths is a policy matter in the context of mechanization of operations like quay cranes, transfer cranes for containers, conveyors and hoppers for bulk terminals. As per the Government guidelines, the deployment of cargo handling labour does not arise. It is pertinent to mention in respect of Coal Jetty, CHD gangs are being deployed only in Coal Jetty II, whereas in Coal Jetty I, private gangs are deployed. If TNEB agrees for deployment of labour of Cargo Handling Division of port at Coal Jetty I in addition to Coal Jetty II, port is prepared to examine reduction in cost to the extent of additional tonnage of coal available for handling.
(v).	<u>Cleaning charges for the Dusty Cargo</u>: It is stated in the proposal itself that with a view to generate revenue this new levy is proposed and is silent about the sort of service they will be providing. In the experience with the port sector such a levy collected is not spent for the purpose for which it is collected. Even now cleaning charges is collected for the closed warehouses but the parties are forced to do the cleaning before taking the vacant possession of the godowns. It has, therefore, requested to advise the port to drop this proposal.	 The cleaning charges at ₹5/- per MT is proposed for all the dusty cargoes to bear the cleaning expenditure through sweeping machines regularly as the port has to comply with Environmental Management System (EMS) and Tamil Nadu Pollution Control Board regularities. As ISO 9001 (EMS) and ISO 14001 (EMS) compliant, port is taking all efforts to ensure the standard requirements. Hence the fear expressed is not relevant.
(vi).	<u>Demurrage charges for the cargo moved from coal plot to railway siding at Wharf</u>: Port Trust is collecting demurrage at the third slab rate from the day one for the cargo moved from coal plot to wharf siding for wagon dispatch without allowing any free period. It is pertinent to note that siding charges collected is for the services including the free use of wharf siding area. It has, therefore, requested to direct the port to allow 3 days free period and collect 1st, 2nd and 3rd slab demurrage as in vogue for the cargo landed from the vessels.	 Siding charges are for the recovery of the cost of maintenance of railway sidings incurred by port and payable to railway and establishment charges for the staff deployed by railways at port marshalling yard. Hence, the question of free period inbuilt in the siding charges does not arise. Therefore, the collection of demurrage at the third slab from day one of the storage at the wharf siding after being brought from the Coal Yard is in order.
4.	**Indian National Shipowners' Association (INSA)**	
	Facilities and services are required to be provided by port to fulfill it's obligations under MARPOL convention. These services should be spelt out with correct SOPs and the tariff as part of SOR. India is a signatory to the MARPOL convention, and services of waste disposal are required to be provided by law and should therefore be treated as integral part of port services. It is necessary by law that these service be provided and INSA note that the port seems to have made no provisions or comments	The requirement of the Association with respect to the MARPOL convention is not clear. If specific requirements are furnished port could examine the same for appropriate reply.

	on the same. It is imperative that the TAMP direct the port to provide all services and facilities on shore which it is required to do under the MARPOL convention. INSA noticed that port is proposing recovery to provide post operation actions to enhance safety and protect environment from dusty cargo.	
5.	**SHV LPG India Private Limited**	
(i).	<u>Existing High Rates</u>: The rates applicable to bulk tankers is already high when compared with other ports like New Mangalore and JNPT which are also handling LPG. The comparison of the rates is furnished below:	The tariff fixation is based on the cost incurred in each port and return on investment which differ from port to port. Moreover, the proposed rates are based on the guidelines notified by the Authority with respect to the cost and return allowable. Port has not increased the basic cargo and vessel related charges since 2002 except for restatement of coastal rates with respect to 60% of foreign rates as per the policy adopted by Government of India. Hence, the increase is inevitable and is justified.

Tariff Comparison

Sl. No.	Particulars	Tuticorin	Tuticorin	JNPT	Mangalore
		Proposed	**Current**		
1.	**Wharfage/ ₹ cu.m**	126.9	118	49	133
2.	**Port Dues/ USD/ GRT**	0.22	0.2	0.14	0.143
3.	**Pilotage charges**				
	Upto 10,000 GRT	0.2933	0.2924	0.2381	0.32
	10,001-15,000 GRT	0.3034	0.2924	0.2381	0.32
	15,001-20,000 GRT	0.3144	0.2924	0.2381	0.32
	20,001-25,000 GRT	0.3254	0.2924	0.2381	0.32
	25,001-30,000 GRT	0.3364	0.2924	0.2381	0.32
	Above 30,001 GRT	0.3475	0.2924	0.1908	US $ 9600 + US $ 0.256 per GRT over 30,000 GRT
	60,001 and above GRT				
4.	**Berth Hire Charges per Hr/ GRT**				
	Upto 3000 GRT	0.0031	0.0031	0.0037	0.0025
	3001 to 10,000 GRT	0.002	0.0031	0.0037	0.0025
	10,001 to 15,000 GRT	0.0027	0.0031	0.0037	0.0025
	15,001 to 20,000 GRT	0.0033	0.0031	0.0037	0.0025
	20,001 to 25,000 GRT	0.0045	0.0031	0.0037	0.0025
	25,001 to 30,000 GRT	0.0049	0.0031	0.0037	0.0025
	Above 30,001 GRT	0.0054	0.0031	0.0037	0.0025
5.	**Anchorage Charges**				
	Upto 3000 GRT	0.00025			
	3001 to 10,000 GRT	0.00016			
	10,001 to 15,000 GRT	0.00022			
	15,001 to 20,000 GRT	0.00027			
	20,001 to 25,000 GRT	0.00035			
	25,001 to 30,000 GRT	0.0004			
	Above 30,001 GRT	0.00043	0.00025	0.0018/ Hour	NA

From the above, it could be observed that the tariff is already higher when compared with other ports. Hence when other ports are able to handle with such lower rates, we do not see any reason for VOCPT making a proposal for further increase in rates.

(ii).	<u>Levy towards dredging</u>: Apart from the above rates which are already	The deficit in the dredging activity is to the

	higher, VOCPT is also charging additional levy of 30% on all vessel related charges towards dredging for the past many years. As per TAMP Order notified vide Gazette No.222 dated 11/11/2011, there is a clear intimation that the dredging levy will automatically cease to be levied from 1 April 2013. However, this proposal calls for continuation of the same even though the dredging activities at the oil jetty is over in 2011 itself. When it is clearly mentioned in the last notification that the levy will automatically cease from 1/4/2013, the stand of VOCPT now citing under recoveries is untenable. The amount of dredging levy per MT was contemplated basing on the volumes projection collected from each port user and accordingly the time period for the levy was decided upto 1 April 2013. In this regard, it has highlighted that they have achieved the volumes projected every year and the contribution from their side for the dredging levy has already been paid-off. Therefore, continuing to apply the same of us is not justified.	tune of ₹26.90 crores at the end of the proposed tariff revision cycle (i.e.) 2016-17 with the existing dredging levy proposed to be recovered. The question of dropping the claim of dredging levy does not arise in the current tariff revision cycle.
(iii).	<u>Levy towards pension fund</u>: There is no justification or statutory backing for the levy of pension fund. This is a unique proposal for a levy which is not collected by any of the ports. The port users will be unduly burdened if the same is allowed to be levied by the port. Since the port users are already paying various charges to the port under various heads and for the services availed from the port, it will totally be unjust and double-jeopardy to levy pension fund on the users.	The actual pension fund of port is less than the requirement of Actuarial Valuation as on 31.3.2013. Considering the need to recoup the pension fund with respect to the shortfall cited and the continuous increase in salaries due to normal increments and increase in Dearness Allowance and the impending impact of revision of salaries with effect from 1.1.2012, the recovery of pension fund levy over a period of five years is the barest minimum. Hence the request is not agreed to.
(iv).	<u>Volumes vs. Charges</u>: Moreover with increase in volumes handled by SHV LPG India Private Limited year on year basis and also the overall increase in volumes achieved by VOC Port and the growth projections indicated, the rates should actually come down rather than the proposed increase. International Prices of LPG is already very high apart from higher ocean freight rates and as such the industry is already suffering due to high rates. Under these circumstances, further hike in the Scale of Rates will push up the sourcing cost and accordingly the cost in the market also. LNG is a eco-friendly fuel and all efforts are being made by Government of India to promote this fuel to reduce the dependability on other fossil fuels and also to reduce Carbon di oxide emissions. Under these circumstances, this sort of hike in the cost of LPG will severely affect the growth of LPG in India. Considering the above factors and the fact that	As the proportionate increase in the handling cost and ROCE is more than the increase in the volume handled year on year, the increase in the tariff is inevitable. The issues are internal to the company and industry. Hence not relevant for tariff fixation.

	the charges levied by VOCPT is already high when compared with other ports, it has strongly objected to the proposed revision of the Scale of Rates by VOCPT.	

2. A joint hearing in this case was held on 13 September 2013 at the VOCPT premises. The VOCPT made a brief presentation of its proposal. At the joint hearing, the VOCPT and the concerned users/ organisation bodies have made the following submissions:

V.O. Chidambaranar Port Trust (VOCPT)

(i). We have updated the proposal with figures of actuals 2012-13.

(ii). The increase in Pension Fund levy is due to shortfall in the Pension Fund based on the actuarial valuation as on 31 March 2013. The shortfall in Pension Fund is proposed to be recovered over 5 years' period. Pension Fund shortfall of ₹76.38 crores is proposed to be recovered in this tariff cycle.

(iii). We propose in the revised proposal to recover shortfall in Pension Fund levy from all users instead of per tonne basis recoverable only from cargo user as per our original proposal.

(iv). We request to continue with the existing special rate for capital dredging. We request to extend dredging levy to NCB-I, II, III, IV Berths and two Shallow Water Berths.

(v). (a). We propose to increase vessel related, cargo related and miscellaneous charges excluding railway siding charges by 13.19% under Option-1, if the increase proposed in storage charges and introduction of cleaning charges is approved.

(b). Alternatively under Option-2, we seek 17.19% increase if the two tariff items are not approved by TAMP.

(vi). The existing CHLD levy is per tonne rate. In addition to per tonne levy actual wages for deployment of labour from CHLD is collected separately. Other ports do not collect wages separately. Hence in the revised CHLD proposal, wages for deployment of labour from CHLD is merged while arriving at the proposed per tonne levy. Increase proposed in CHLD levy is to recover expenditure of ₹7963.36 lakhs per annum.

(vii). Pension Fund levy for CHLD is increased from existing ₹9 per tonne to ₹32.26 per tonne.

(viii). Users are benefited due to implementation of manning scale as per the National Tribunal Award.

(ix). No increase was given in our general revision of Scale of Rates since 2002 except restatement of rates for coastal vessels.

(x). It is stated that in the print media though port makes profit, it asks tariff increase. In the profit reported in the accounts of the port, the return on investment amounts to around ₹77.55 crores is not considered. Port is entitled for the return on its investment. Apart from return, there is another element of royalty 50% of which is to be set apart for infrastructure development. When some other items like dredging levy, interest income etc., are also excluded, port has ended in deficit in the year 2012-13 to the extent of around ₹24 crores.

Tuticorin Thermal Power Station (TTPS)

(i). 329% increase is proposed in the CHLD levy for supply of labour and 7.51% increase is proposed in vessel related charges.

(ii). The berth hire of VOCPT is 195% higher than Haldia, 122% more than Paradip Port Trust and 320% more than Visakhapatnam Port Trust. Wharfage of VOCPT is 170% more than Visakhapatnam Port Trust.

(iii). The shortfall in Pension Fund may be recovered over 10 years instead of 5 years proposed by Port Trust to reduce steep increase.

(iv). The increase in the CHLD levy for supply of labour may be restricted to 50%.

(v). Cleaning charges need not be considered for TTPS since entire coal at coal jetty II is handled by mechanised operations. Moreover, cleaning is done by TTPS.

[Chairman-VOCPT: Port cleans coal settled at Coal Jetty Nos.I and II. Port has to take care of environmental measures while handling dusty cargo like coal. Hence cleaning charges shall apply to Coal handled at Coal Jetty Nos.I and II also.]

Tuticorin Ship Agents' Association (TSAA)

(i). Proposed rates are exorbitant beyond the level trade can bear.

(ii). 150% increase in license (storage fee) outside the security wall and 300% increase in storage fee inside the security wall is not acceptable. Nominal increase may be allowed.

(iii). Dredging levy should be abolished.

(iv). Proposal to introduce Pension Fund levy and cleaning charges should not be considered at all.

Tuticorin Stevedores Association (TSA)

(i). Increase proposed in cargo charges is unreasonable and unheard. At the proposed tariff, cargo is likely to move to Karaikal Port.

(ii). Competition from other neighbouring ports should be kept in mind.

(iii). Many of the berths have been given to private operators on BOT basis. The labour cost is not loaded on BOT berths. This cannot be entirely loaded on cargo presently handled at the port berths.

(iv). Trade cannot bear abnormal increase sought by the port.

(v). VOCPT may reconsider its proposal.

(vi). Dredging levy should have been suspended long back.

(vii). Users have started using own land for storage of cargo. Many port users do not use port lands for storing cargo. Port may, therefore, reconsider exorbitant increase sought in storage charges.

[Chairman-VOCPT: The present occupancy of storage area is good and there is demand for it.]

Tuticorin Port Handling Agents Association (TPHAA)

(i). Cargo volume in Chennai Port Trust has reduced due to tariff increase and various pending court cases.

(ii). Exorbitant increase proposed by port cannot be absorbed by the trade in present scenario.

(iii). TPHAA supports Pension Fund levy increase but it should be reasonable.

Tuticorin Custom House Agents Association (TCHAA)

(i). Tariff of port is prescribed in US $ terms. In the present scenario of substantial depreciation in Rupee vis-à-vis US $, port would have generated 20% additional revenue. Recognising the benefit accrued to the port from depreciation in Rupee, no hike should be allowed. Existing tariff should be continued.

[Chairman-VOCPT: The point made by TCHAA about additional revenue due to depreciation in Rupee vis-à-vis dollar is relevant only for vessel related charges which are dollar denominated. Tariff for cargo and other services are prescribed in Rupee terms.]

(ii). Deducting ₹77 crores towards 16% Return on Capital Employed from the net surplus is not fair.

(iii). Tariff fixation should be determined once for port. Thereafter, only WPI indexation should be allowed. Increase to the extent of WPI can be allowed for tariff denominated in Rupee. For dollar denominated tariff, WPI indexation should be suitably adjusted.

(iv). We will furnish further comments in a week's time.

M/s.Coastal Mechanised Sail Vessel Owners Associations (CMSVOA)

(i). Request to look into the charges proposed by VOCPT.

(ii). We will submit our written comments.

SHV LPG India Private Limited (SLIPL)

(i). Proposed rate is very high.

(ii). Dredging levy is continued for 14 years since 1999. We object extension of dredging levy. Dredging levy should be abolished.

[Chairman-VOCPT: The original Japan loan was for 30 years' period with moratorium of 7 years. Port in the year 2005 refinanced the Japan loan by taking loan from IDBI for a shorter duration of 7 years.

Separate dredging account is maintained. The unabsorbed deficit in dredging account is to the tune of ₹31 crores.]

3.1. A summary of the written submissions made by users at the joint hearing and reply furnished by VOCPT thereon are tabulated below:

Sl. No.	Written submissions made by TSAA and ICCI	Reply furnished by VOCPT
1.	**Tuticorin Ship Agents' Association**	
(i).	The rates are unimaginably exorbitant and would be beyond the capacity of this trade fraternity. It is very much unfair to increase the same. Some of the points are:	

	(a). License (Storage) Fee: The unimaginable and exorbitant increase of 150% and 300% for open space within and outside the security wall is not acceptable. This increase, if so, would have its direct impact on the trade fraternity in the transaction cost. A nominal increase, however, is acceptable.	To improve the quick evacuation of cargo and to pave way for incoming cargoes the revised rate is proposed. Also, the rates are comparable with nearby Ports.
	(b). Dredging Levy: The Capital dredging levy has already been ceased w.e.f. 1 April 2013; hence we insist that the whole issue of claim of the Dredging Levy should be abolished and dropped with immediate effect. Similarly, the other charges such as the cleaning charges for the dusty cargo, demurrage charges for the cargo (coal) moved to wharf, labour levy, pension fund levy, etc., are also to be considered, as they too are not within the transactional limits.	Considering the (deficit) balance in dredging activity to the tune of ₹2690.10 lakhs as per Statement-B of Port's proposal dated 28.2.2013 at the end of proposed tariff revision cycle with the current dredging levy being continued, the question of dropping the claim of dredging levy does not arise. Siding charges are for the recovery of the cost of maintenance of railway sidings incurred by Port and payable to Railway and establishment charges for the staff deployed by Railways at Port Marshalling Yard. Hence, the question of free period inbuilt in the siding charges does not arise. Therefore, the collection of demurrage at the third slab from day one of storage at the wharf siding after being brought from the Coal Yard is in order.
(ii).	In conclusion, we therefore request TAMP to direct the port authorities accordingly to enhance the development of business and to support the growth of the same.	The traffic projection of 14.36 Million Tonne with 8th Berth-Container Terminal, NCB-I, II, IV, Shallow water berth (Cement) and Shallow water berth (Constn. Materials) are the ports efforts towards development.
2.	**Indian Chamber of Commerce & Industry**	
(i).	Dredging Levy: As per point no.2.5, the port trust has proposed to special rate of Capital Dredging. Please note the capital dredging levy has been already ceased to be levied from 01/04/2013. Therefore, it is suggested to drop the claim of dredging levy for all berths as per the directive of TAMP. For your kind information, the dredging levy is still being collected by VOCPT (i.e. from 1 April 2013 to till date).	The VOCPT has reiterated its comments furnished on point 1(i)(b) above on the comments of TSAA.
(ii).	Labour levy & Pension fund levy: (a). It is proposed to collect ₹17.96/MT as pension fund levy from the cargo handling activities alone. The rationale behind collecting the levy on cargo handling activities alone could not be understood. If the cargo handling activities is taxed with such a huge burden of 17.96/MT, it will be highly detrimental to the trade. The pension fund should have been discontinued w.e.f. 01/04/2013. But still is being collected. Please advise port to stop collection (refer next para). (b). As per Schedule 6.1 and 6.2, port has	(a). The actual Pension Fund of Port is less than the requirement of Actuarial Valuation as on 31.3.2013. Considering the need to recoup the Pension Fund with respect to the shortfall cited and the continuous increase in salaries due to normal increments and increase in Dearness Allowance and the impending impact of revision of salaries with effect from 1.1.2012, the recovery of Pension Fund Levy over a period of five years as the barest minimum. Hence the request is not agreed to.

	proposed for substantial increase for labour and pension fund levy. With the existing levy structure itself, the port has a surplus from the levy to provide for necessary Labour Welfare and to fulfill the pension liabilities. Information has not been provided about the deposit amount available with the port already and reason for increase has not been substantial with any cost workings. Moreover, in the past following berths were licenced under BOT to private operation who are dispensed with using labours. If they were employed the question of short employment and loss of levy would not have arised Berth No.7 and 8 (Container Terminal), Bulk Coal Jetty I, North Cargo Berth 1 to 4, Shallow Draft Berth 2 nos. total 9 berths are scot free without labour thus depriving employment to CHD labour resulting in less levy and shortfall. So it is our humble request that any shortfall in meeting pension commitment has to be met by such berth users or patronized by port from the revenue share, royalty collections.	(b). Due to the reduction in the manning scale based on the Tribunal Award and the implementation of the same with effect from 21.5.2012, there is a drop in Worked wages of the order of ₹5.76 crores during 2012-13. This is expected to be around ₹8.00 crores in 2013-14 for the full year. Hence, the levy rate is required to be enhanced to offset the shortfall in recovery of worked wages in addition to recover the increase in salaries due to normal increments, dearness allowance etc. The deployment of Port Cargo handling Labour in respect of BOT berths is a policy matter in the context of mechanisation of operations like quay cranes, transfer cranes for containers, conveyors and hoppers for bulk terminals. As per the Government guidelines, the deployment of cargo handling labour does not arise. It is pertinent to mention, that even in respect of Coal Jetty CHD Gang is deployed only in Coal Jetty II whereas in Coal Jetty I, private gangs are deployed by TNEB. If TNEB agrees for deployment of labour of Cargo Handling Division of Port at Coal Jetty I in addition to Coal Jetty II, Port is prepared to examine reduction in levy to the extent of additional tonnage of Coal available for handling.
(iii).	<u>Demurrage charges for the cargo moved from coal plot to railway siding at Wharf</u>: Port Trust is collecting demurrage at the third slab rate from the day one for the cargo moved from coal plot to wharf siding for wagon dispatch without allowing any free period. It is pertinent to note that siding charges collected is for the services including the free use of wharf siding area. It has, therefore, requested to direct the port to allow 3 days free period and collect 1st, 2nd and 3rd slab demurrage as in vogue for the cargo landed from the vessels.	Siding charges are for the recovery of the cost of maintenance of railway sidings incurred by Port and payable to Railway and establishment charges for the staff deployed by Railways at Port Marshalling Yard. Hence, the question of free period inbuilt in the siding charges does not arise. Therefore, the collection of demurrage at the third slab from day one of storage at the wharf siding after being brought from the Coal Yard is in order.
(iv).	<u>Licence Storage Fee</u>: Licence (storage fee) for open space has been increased by 150% to ₹16 per sq. mt. for open space outside the security wall. With respect to open space within the security wall, the increase is by 300%. Such a huge increase in storage fee in open space will have the high impact on the transaction cost for EXIM Trade. We, therefore, suggest for nominal increase of 5% over the existing rate.	To improve the quick evacuation of cargo and to pave way for incoming cargoes the revised rate is proposed. Also the rates are comparable with nearby Ports.
(v).	<u>Cleaning charges for the Dusty Cargo</u>:	

	It is stated in the proposal itself that with a view to generate revenue this new levy is proposed and is silent about the sort of service they will be providing. In the experience with the port sector such a levy collected is not spent for the purpose for which it is collected. Even now cleaning charges is collected for the closed warehouses but the parties are forced to do the cleaning before taking the vacant possession of the godowns. It has, therefore, requested to advise the port to drop this proposal.	The cleaning charges at ₹5/- per M.T is proposed for all the dusty cargoes to bear the cleaning expenditure through sweeping machines regularly as the Port has to comply with Environmental Management System (EMS) and Tamil Nadu Pollution Control Board regulations. An amount of ₹3.23 crores is the cost incurred every year towards the cleaning of wharf area and roads.

3.2. As decided at the joint hearing, the users have furnished additional comments of the revised CHLD proposal of VOCPT. A summary of the additional comments received from the users on the revised CHLD proposal and reply furnished by VOCPT thereon are tabulated below:

Sl. No.	Comments received from the users	Reply furnished by VOCPT
1.	**Tuticorin Stevedores' Association and Tuticorin Port Handling Agent's Association**	
(i).	The trade and port users are surprised by the proposed exorbitant hike ranging from 175% to 546%, which obviously is beyond the capacity of the trade to bear.	The proposed levy for supply of labour is arrived based on the relevant labour cost involved for the handling of respective cargo groups and hence the proposed levy is justifiable. As the collection of worked wages is proposed to be dispensed with, the real increase is very minimum with respect to gains earned by users due to revised manning scale implemented in CHD and explained vide Annexure-III to Port's letter to TAMP dated 23.10.2013 and presented during joint hearing. Hence, the contention is not correct.
(ii).	While time rate, piece rate wages are paid at actuals, the benefits for the CHD labors is collected on tonnage basis based on the projected cargo volume and also duly considering the reserves with CHD.	As per the revised proposal, instead of collecting the actual wages incurred from the Users, only labour levy is arrived based on the relevant labour cost involved for the handling in addition to pension fund levy.
(iii).	At Tuticorin Port, traditionally, the levy revision is deliberated in the Levy Finance Committee. The Finance Committee Members after scrutinizing the Income and Expenditure Statement, the projected cargo volume, the revision of levy is recommended in the committee. Such exercise is not done before forwarding the proposal to the TAMP.	As CHD is merged with Port, TAMP is the Authority to frame Scale of Rates. The need for Levy Finance Committee is not relevant now as per TAMP guidelines, 2005.
(iv).	Each port is unique in nature and a time tested practice of collection of levy at Tuticorin Port. We have done both upward and downward revision of levy in consonance with the traffic volume of the port.	Not relevant to current fixation.
(v).	The reason for replicating Kandla model, where most of the operations are mechanized whereas at Tuticorin Port, the mechanization is not to the extent at Kandla	The method of calculation for arriving the labour levy is by following the Kandla model as the same is already approved by the Authority and hence the contention of

	Port is not known.	operations are mechanised or not is outside the purview.
(vi).	This abnormal hike is detrimental to the traffic growth of the port, as already most of the high volume cargoes like coal, fertilizer, etc. have been shifted to the neighbouring Karikal Port due to non-competitiveness of Tuticorin Port.	The proposed rates are based on the guidelines notified by the Authority with respect to the cost and return allowable.
(vii).	It is pertinent to note that hook shift cannot be taken as a criterion for the expenditure incurred as the quantity of cargo handled cannot be determined by the hook shifts and naturally the wages would differ.	The proposed rates are arrived only based on the proportionate average cost of handling for the different categories with respect to hook shifts handled and the said proportionate amount is divided by respective tonnage handled for each category.
(viii).	In the interest of the growth of the port and protecting the interest of the trade, it has requested to defer the proposed hike and the levy may be fixed realistically as was done earlier after due consultation process in the levy finance committee meeting.	The proposal for revision is based on working as per TAMP guidelines and considering the projected tonnage. Hence increase is inevitable. The proposal is therefore realistic and reasonable.
2.	**TANGEDCO**	
(i).	VOCPT has proposed to increase levy for supply of labour by 329.6% instead of 175.6% in respect of thermal coal handled at CJ-II berth.	Factual no comments.
(ii).	The remark (iv)and suggestion (4) furnished by TANGEDCO vide letter dated 15.4.2013 for the previous proposed rate of ₹28.79/MT and the revised proposal rate of ₹44.88/MT, for Levy for labour, are given below:	
	(a). <u>Remark (iv)</u> <u>Previous Remark :</u> (iv) The Levy for supply of labour increased abnormally by 175.6% (i.e. ₹28.79/MT) is very high. Hence the Levy of supply of labour may be increased by 50% from the existing tariff of ₹10.45/Mt (i.e. ₹15.66/MT.) <u>The Previous Remark (iv) is revised as below:</u> The levy for supply of labour increased abnormally by 329.6% (i.e. ₹44.88/ MT) is very high. Hence the levy of supply of labour may be increased by 50% from the existing tariff of ₹10.45/ MT (i.e. ₹15.66/MT).	Increase in levy is required based on the principles of Tariff Guidelines to recover the cost involved from the proposed traffic handled. If TNEB agrees to deploy CHD gangs for Coal Jetty-I in addition to existing Coal Jetty-II, Port will consider appropriate reduction. The proposed levy for supply of labour is arrived based on the relevant labour cost involved for the handling of Coal hence the proposed levy is justifiable.
	(b). <u>Suggestion 4.</u> <u>Previous suggestion :</u> 4. The Levy for supply of labour increased abnormally by 175.6% (i.e. ₹28.79/MT) is very high. Hence the Levy of supply of labour may be increased by 50% from the existing tariff of ₹10.45/Mt (i.e. ₹15.66/MT.) <u>The Previous suggestion 4 is revised as below:</u> 4. The Levy for supply of labour increased	Increase in levy is required based on the principles of Tariff Guidelines to recover the cost involved from the proposed traffic handled. If TNEB agrees to deploy CHD gangs for Coal Jetty-I in addition to existing Coal Jetty-II, Port will consider appropriate reduction. The proposed levy for supply of labour is

	abnormally by 329.6% (i.e. ₹44.88/MT) is very high. Hence the Levy of supply of labour may be increased by 50% from the existing tariff of ₹10.45/Mt (i.e. ₹15.66/MT.)	arrived based on the relevant labour cost involved for the handling of Coal hence the proposed levy is justifiable.
3.	**Southern Petrochemical Industries Corporation Ltd.**	
(i).	At present, the CHLP levy is ₹17.25 + ₹9 = ₹26.25 (All cargo handling – ₹17.25 and Pension fund levy ₹9/-). The proposed revised scale inflate the CHLP levy to ₹74.54 per MT which is 184% increase. We are importing rock phosphate and sulphur in bulk and CHLP levy is one of the key cost elements to account for the landed cost of our raw material. So it is highly advisable to decline the proposed revision in Scale of Rates.	The proposed levy for supply of labour is arrived based on the relevant labour cost involved for the handling. Hence the proposed levy is justified and reasonable.
(ii).	We are one of the largest fertilizer manufacturing companies and our factory is located at Tuticorin adjacent to the port. We would like to inform you that we have handled 3,54,000 MT of our imported raw materials by shipments during last financial year through VOC Port, Tuticorin.	Not relevant to the tariff fixation.
(iii).	The proposed revision of Scale of Rates is not acceptable to us. In the present scenario, the global raw materials price is very high and dollar exchange rate is already soaring. Further, increasing the Scale of Rates will inflate our procurement cost of the raw materials, which, in turn increase our cost of production and destabilize our industry. The economy is already staggering due to scanty rainfall and drought condition leading to almost 30% shortfall in agricultural production.	Not relevant to the tariff fixation.
(iv).	The proposed revision of Scale of Rates will not only affect our industry but also the entire society at large and hence request to drop the proposal of the revision of Scale of Rates.	This contention is outside the purview of the tariff fixation.
4.	**DCW Limited**	
(i).	Considering the category and increase in the recommended General Revision of Scale of Rates, the following facts for your kind consideration enabling TAMP to fix a reasonable consideration in the interest of the port and its users like us	
	(a). The revision of Schedule of Rates is not acceptable to us. As you are aware, whatever increase in tariff decided by TAMP and passed on to us cannot be collected from our customers as the prices are market driven and we do not have any control over the same.	Not relevant and not acceptable.
	(b). The tariff rates at the ports like Krishnapatnam, Karaikal are much lower than Tuticorin tariff rates and hence, diversion of cargo will be possible which results in quantum. We bring it to your kind	The proposed rates are based on the guidelines notified by the Authority with respect to the cost and return allowable. Port has not increased the basic cargo and vessel related charges since 2002 except for

	notice that Tariff Authority of Srilanka advised Colombo Port Trust to declare a rebate in existing port tariffs to boost the volume of port development and accordingly Port of Colombo followed the guidelines of TAS.	restatement of coastal rates with respect to 60% of foreign rates as per the policy adopted by Government of India in 2005. Hence, the increase is inevitable and is justified.
(ii).	Under these circumstances, it is our appeal to take into consideration all the above submissions and continue the existing rates. This will help both the port and industry to survive as a mutual partner in the economic development of this region.	

3.3. As decided at the joint hearing, the users have furnished further comments on the proposal of VOCPT. A summary of the further comments received from the users and reply furnished by VOCPT are tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments received from the users</th><th>Reply furnished by VOCPT</th></tr>
<tr><td>1.</td><td>Tuticorin Custom House Agents' Association</td><td></td></tr>
<tr><td>(i).</td><td>Presently, the overall trade is very gloomy due to the economic slowdown. Adding fuel to the situation is the fall in the exchange rate, the importers are very much saddled with high cost of raw-materials. At this juncture, it has requested to avoid any increase in the Scale of Rates and to consider for attracting more volume of traffic by means of providing incentive/ discount, rebate, etc. for the importers/ exporters, customs brokers and stevedores, to bring more cargo than the previous financial year. The incremental traffic provided by each stakeholder shall be considered for providing rebate/ incentive.</td><td>The proposed rates are based on the guidelines notified by the Authority with respect to the cost and return allowable. Port has not increased the basic cargo and vessel related charges since 2002 except for restatement of coastal rates with respect to 60% of foreign rates as per the policy adopted by Government of India. Hence, the increase is inevitable and is justified. Provision of incentive/discount, rebate will be considered if the situation warrants the same like incentive on incremental volume as done previously.</td></tr>
<tr><td>(ii).</td><td>Although majority of port tariff is based in Indian rupees, majority of revenue is from the marine charges which is in US dollar terms, which has been considerably increased by about 20%, due to the exchange rate fluctuation. Therefore, practically the port would have been benefited by increase of about 14% of their overall revenue, just due to the increased exchange rate.</td><td>Though the Exchange Rate is increased, while observing the number of vessels handled during the last two years along with earnings from Port Dues & Berth hire charges of Foreign, it is known that there is a drop in number of vessels due to handling of higher parcel size and in turn the number of voyages is reduced. Consequently, the earnings from the foreign vessels has not increased in proportion to the tonnage and increase in Foreign Exchange rate as detailed below:-
<table>
<tr><th>Description</th><th>2011-12</th><th>2012-13</th><th>% of increase/ Decrease</th></tr>
<tr><td>Tonnage handled (in lakh tonnes)</td><td>281.05</td><td>282.60</td><td>0.55%</td></tr>
<tr><td>No. of Vessels</td><td>1492</td><td>1292</td><td>-13.40%</td></tr>
<tr><td>Port Dues (₹ in Lakhs)</td><td>1948.44</td><td>2054.22</td><td>5.43%</td></tr>
<tr><td>Port Dues per tonne (in ₹)</td><td>6.93</td><td>7.27</td><td>3.90%</td></tr>
<tr><td>Berth hire charges (₹ in Lakhs)</td><td>2673.50</td><td>2922.85</td><td>9.33%</td></tr>
</table>
</td></tr>
</table>

		Berth hire per tonne (in ₹) — 9.51 — 10.34 — 8.73%
(iii).	The guidelines under which the TAMP is fixing the tariff for Major Ports, Private Terminals and other Private Operators inside the port is having a provision of Return on Capital Expenditure to a tune of 15% to ensure that the investment made for such project is viable as well as to provide sufficient funds for the investors/ port for enhancing their facility to handle the increased volume of cargo in the years to come. Therefore, we do agree that the port also has to generate its own funds for efficient functioning as well as for the intended growth to accommodate increased volume of traffic.	The Port tariff is based on 2005 guidelines notified by TAMP. The issues raised are not relevant for tariff fixation for Major Ports as per said guidelines. Factual.
(iv).	Considering all such parameter only, the guidelines for fixing the tariff was provided at 15% on ROCE. From the statistical information provided by the port, it is understood that the net surplus of the port is about 30% ROCE, which is considerably high.	As discussed in the Joint Hearing held on 13.9.2013, for the purpose of calculations for revision as per 2005 guidelines, reconciliation of the said calculations vis-à-vis Port's Annual Accounts was furnished during Joint Hearing. For TAMP revision exercise, 16% Return on Capital Employed is compared with surplus as per TAMP format excluding 50% Royalty, F & M income on interest dredging levy and percentage of revision is worked out . Hence, the contention is not correct.
(v).	Considering the 50% of the accumulated earnings from the royalty to be kept aside as per the Government Regulations, the port is also making necessary and intended ROCE as per the TAMP guidelines. Further, it is understood that the exchange rate at the time of allotment of 7th Berth under BOT for 30 years is ₹43 per USD when it was started in 1999. The tariff of PSA SICAL is in dollar terms and the differential amount is also being claimed by the port as an additional revenue apart from the royalty.	The utilisation of accumulated earnings from the Royalty for the infrastructure development is not considered for the ROCE purpose. Further as far as the dollar rate fluctuation is concerned reply is already furnished vide point No.2 above. The port tariff is based on 2005 guidelines notified by TAMP. The issues raised are not relevant for tariff fixation for Major Ports as per said guidelines.
(vi).	Hence, the necessity to increase the tariff by average 13% from the existing tariff is not reasonable. Further, it is also requested to have standard tariff to be fixed in line with the tariff being fixed for the private terminals on upfront basis and the tariff shall be reviewed only when the inflation or the Wholesale Price Index has a variation to considerable level. Here again, the exchange rate between US currency and Indian Rupees shall also be considered while reviewing the tariff on Inflation/ WPI basis.	
(vii).	Based on the above points, it has requested that the existing tariff of the port shall be continued, in respect of all the parameters including the labour levy.	Not agreed to.

(viii).	The port has to work on a consolidated basis on the overall profitability scenario considering the various outflow towards pension to their labour pool as well as to their administrative staff. A separate levy for pension fund is absolutely unacceptable.	The request is not acceptable considering the requirements to meet the liability towards Pension and Gratuity funds with respect to actuarial valuation.
2.	**Coastal Mechanised Sail Vessel Owners' Association**	
(i).	Our industry agree for the payment of ₹75/- per day for foreign going vessels and ₹45/- per day for coastal going sailing vessels and ₹400/- per day as berth hire charges at the time of loading during the operational period i.e. from November to April.	Not agreed to.
(ii).	Our sailing vessels are not permitted by Directorate of Shipping to ply during foul weather, i.e. from May to October, the lean period. During this period our industry do not generate any income. In fact, we are consistently approaching our Government to extend subsidy during the lean period to save this traditional and seasonal industry from extinction. Hence, levying exorbitant berth hire charges during lean period would be a draconian measure.	The grievance submitted by the Sailing Vessels Owners Association to reduce the rate for the period From May to October, the lean period is already considered separately and concessional rate is extended for the lean period. Hence, the marginal increase of 6.50% on the existing rate is bearable and hence the same is reiterated.
(iii).	Considering the plight of our age old industry we once again earnestly appeal to revisit the order passed in respect of sailing vessels and to exempt from the payment of berth hire charges during lean period, i.e. from May to October please.	Port has already considered the request of the Association and further concession is not feasible as informed to the Authority during Joint hearing.
3.	**Indian Oil Corporation Limited**	
(i).	The charges in other major ports in India are considerably less.	The proposed rates are based on the guidelines notified by the Authority with respect to the cost and return allowable. Port has not increased the basic cargo and vessel related charges since 2002 except for restatement of coastal rates with respect to 60% of foreign rates as per the policy adopted by Government of India. Hence, the increase is inevitable and is justified.
(ii).	As a captive user since the inception of IOC at Tuticorin in 1973 we have been using the services of this port exclusively and have brought in tremendous amount of business to the port. Infact last year we were the second largest customer of VOCPT.	
(iii).	An increase in the port related charges would adversely affect the oil industry which is already reeing under the impact of rupee de-valuation and increase in cost of crude.	
(iv).	In view of the above, the proposed increase in Scale of Rates may be withdrawn and the current rates may be retained for the next three years also.	No agreed to.
4.	**All India Chamber of Commerce & Industries (AICCI)**	
(i).	The proposed revision in rates is beyond the capacity of the trade.	

	It is unfair on the part of the port to tax the stevedores with such new levies like Pension Fund Levy, cleaning charges and exorbitant increase of rental charges at par with Chennai Port. On going through the financial reports of the VOC Port for the past 5 years, it is noticed that the port has earned net surplus as detailed below: 2008-09 - 128.46 crores 2009-10 - 131.87 crores 2010-11 - 148.96 crores 2011-12 - 147.02 crores 2012-13 Port may please give the net surplus for the year 2012-13 and ROCE for the corresponding periods.	The Net surplus before Tax for 2012-2013 was ₹145.28 crores. The ROCE with respect to operating surplus for 2012-13 was 19.6%. However, the same is based on depreciation rates as per Government directions. For tariff fixation, the Companies Act Depreciation is relevant as per TAMP Guidelines. Hence, the above figures are not relevant to tariff revision. Net Surplus for 2012-13 – ₹145.28 crores.
(ii).	Apart from this, AICCI has reiterated its comments on dredging levy, CHLD levy and pension fund, license (storage) fee, cleaning charges on dusty cargo and demurrage charges for the cargo moved from coal plot to railway siding at wharf as furnished by it vide its written submissions dated 28 June 2013 furnished at the joint hearing.	The VOCPT has also reiterated its comments furnished on written submissions furnished by AICCI.
5.	**SHV LPG India Private Limited**	
(i).	Dredging levy:	
	(a). Dredging levy is being paid by us from April 1999 and the same is still continuing.	As stated earlier, the Statement-XI to Ports reply of even no. dated 23.10.2013 is a self-explanatory which reveals the amount of Dredging Levy was collected/will be collected upto the year 2015-16 vis-à-vis the expenditure in respect of the debt servicing cost of ₹30.95 crores, in addition to the opening balance of ₹28.90 crores, the depreciation & ROCE component of ₹18.00 crores each year. With this the unabsorbed deficit still works out to ₹26.80 crores at the end of the year 2015-16. This is informed vide Annexure-XI to Port's letter dated 23.10.2013. Hence, the continuation of dredging levy during the current tariff revision cycle is justified.
	(b). It was clearly stipulated in the Gazette Notification No.22 dated 11/11/2011 that the dredging levy will automatically cease to be levied from 1 April 2013. In such a case, the port is not justified in proposing to continue the same for a further period of 3 years.	
	(c). The basis cited by the port in support of such extension proposal is reproduced below for ready reference: *"The dredging deficit (carried over from 2010-11 ₹2889.89 lakhs) is worked out for the years 2011-12 to 2015-16 which shows net unabsorbed deficit of ₹2,690.10 lakhs by the end of the year 2015-16 even if the existing dredging levy is continued (Statement-B)…"*	
	(d). Going by the above explanation of the port, it could be deduced that the port could recover only ₹199.79 lakhs of the dredging levy, which is an acutely low figure when comparing with the actual payments made by the importers under this head.	
	(e). In view of the above, we feel it pertinent to submit that we, being one of	

<table>
<tr><td></td><td>the importers in the port, have paid around ₹60 lakhs in 2011, ₹70 lakhs in 2012 and ₹60 lakhs so far in 2013 totaling to around ₹190 lakhs. (Since the amount was paid in USD, the average conversion rate is taken for arriving at these figures). If we consider the payments made by other port's importers as well the recovery of dredging levy by the port should actually be on a much higher side than just ₹199.79 lakhs.</td><td></td></tr>
<tr><td></td><td>Therefore the amount of net unabsorbed deficit of ₹2,690.10 lakhs needs to be reworked reflecting clearly the recoveries from the importers and the manner in which it is accounted to come to a true and correct picture and if the recovery is in excess of the carried over amount of ₹2889.89 lakhs from 2010-11, credit of the same should be given to the port users. Therefore, logically the dredging levy cannot be continued.</td><td>In view of the replies in previous paragraphs the request is not agreed to.</td></tr>
<tr><td>(ii).</td><td><u>Revision in Scale of Rates</u>:</td><td></td></tr>
<tr><td></td><td>(a). We are importing LPG regularly through foreign flag vessels only. The tariff for all vessel related charges are in USD only and when we make payment basing on INR conversion as per RBI rates.</td><td>Factual.</td></tr>
<tr><td></td><td>(b). When the rates were finalized 3 years back, the USD-INR conversion rate was at approximately INR 45 for 1 USD, whereas currently the same is around INR 63 to 65 per 1 USD, resulting in depreciation of almost 40% and escalation of equal percent of our cost.</td><td rowspan="3">Though the Exchange Rate is increased, while observing the number of vessels handled during the last two years along with earnings from Port Dues & Berth hire charges of Foreign, it is known that there is a drop in number of vessels due to handling of higher parcel size and in turn the number of voyages is reduced. Consequently, the earnings from the foreign vessels has not increased in proportion to the tonnage and increase in Foreign Exchange rate as detailed below:-
<table>
<tr><th>Description</th><th>2011-12</th><th>2012-13</th><th>% of increase/ Decrease</th></tr>
<tr><td>Tonnage handled (in lakh tonnes)</td><td>281.05</td><td>282.60</td><td>0.55%</td></tr>
<tr><td>No. of Vessels</td><td>1492</td><td>1292</td><td>-13.40%</td></tr>
<tr><td>Port Dues (₹ in Lakhs)</td><td>1948.44</td><td>2054.22</td><td>5.43%</td></tr>
<tr><td>Port Dues per tonne (in ₹)</td><td>6.93</td><td>7.27</td><td>3.90%</td></tr>
<tr><td>Berth hire charges (₹ in Lakhs)</td><td>2673.50</td><td>2922.85</td><td>9.33%</td></tr>
<tr><td>Berth hire per tonne (in ₹)</td><td>9.51</td><td>10.34</td><td>8.73%</td></tr>
</table>
This is as per submissions by Port during Joint hearing.</td></tr>
<tr><td></td><td>(c). This means that in effect, we are already paying almost 40% in excess of the specified rates in view of the USD-INR conversion and the INR depreciation.</td></tr>
<tr><td>(iii).</td><td>Based on this submission, it has reiterated that the proposal for revision in the Scale of Rates by approximately 7.5% and continuation of the 30% dredging levy is totally unjustifiable and request to take the above points into consideration while finalizing the revised Scale of Rates.</td></tr>
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