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# Tariff Authority for Major Ports

**G No. 222** **New Delhi, 11 November 2011**

## NOTIFICATION

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

**(Rani Jadhav)**
Chairperson

# Tariff Authority for Major Ports
**Case No. TAMP/9/2010-TPT**

V.O. Chidambaranar Port Trust - - - Applicant

## O R D E R
(Passed on this 11th day of October 2011)

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

2. The Scale of Rates of the VOCPT was last revised by this Authority vide its Order dated 14 July 2008. The validity of the Scale of Rates is prescribed till 31 March 2010.

3. The VOCPT vide its letter dated 20 February 2010 filed a proposal for revision of its Scale of Rates. The said proposal was not filed in the prescribed format and hence was returned to VOCPT with an advice to file comprehensive proposal along with proposed Scale of Rates (SOR) in the format prescribed.

4. The VOCPT vide its letter dated 18 March 2010 has filed a proposal for general revision of Scale of Rates. Subsequently, vide letter dated 3 April 2010, the VOCPT has filed sub-activities cost statement in the format prescribed.

5. The highlights of the proposal filed by the VOCPT is given below:

(i). The actual traffic handled by the VOCPT (excluding the container traffic handled by the BOT operator PSA SICAL Terminals Limited) for the years 2007-08 and 2008-09, traffic projections as per Revised Estimates 2009-10 and projections for the years 2010-11 to 2012-13 is tabulated hereunder:

| Years | Traffic in lakh tones |
|---|---|
| 2007-08 (Actuals) | 214.80 |
| 2008-09 (Actuals) | 220.11 |
| 2009-10 (Revised Estimates) | 220.11 |
| 2010-11 (Estimates) | 231.12 |
| 2011-12 (Estimates) | 242.68 |
| 2012-13 (Estimates) | 254.81 |

(ii). The overall cost position, as revealed from the cost statements furnished by the port at the existing tariff (excluding the Railway Activity) is tabulated below:

| Sl. No. | Particulars | 2010-11 | 2011-12 | 2012 -13 |
|---|---|---|---|---|
| 1. | Operating Income | | | |
| | (i). Cargo related income | 11579.02 | 12036.36 | 12990.82 |
| | (ii). Vessel related income | 6282.89 | 6597.03 | 6926.89 |
| | (iii). Estate related income | 71.2 | 72.62 | 74.07 |
| | **Total operating income** | **17933.11** | **18706.01** | **19991.78** |
| 2. | Operating Expenditure | | | |
| | (i). Cargo related income | 1263.58 | 1336.87 | 1414.41 |
| | (ii). Vessel related income | 3373.38 | 3569.04 | 3776.04 |
| | (iii). Estate related income | 207.06 | 219.09 | 231.81 |
| | **Total operating Expenditure** | **4844.02** | **5125** | **5422.26** |
| 3. | Depreciation | 1132.6 | 1594.47 | 2371.42 |
| 4. | Management and Adm. OH | 4001.48 | 4718.18 | 5197.27 |
| 5. | **Total cost** | **9978.10** | **11437.65** | **12990.95** |
| 6. | FMI – FME | 92.43 | (-) 73.97 | (-) 51.54 |
| 7. | Surplus / (Deficit) before interest and tax | 8047.44 | 7194.39 | 6949.40 |
| 8. | Capital Employed | 41350.78 | 75128.58 | 72337.40 |
| 9. | ROCE @ 15% | 6528.45 | 11933.75 | 11487.93 |

| | | | | |
|---|---|---|---|---|
| 10 | Less: Pension fund deficit | 965 | 965 | 965 |
| 11. | **Net Surplus / (Deficit)** | **553.99** | **(-) 5354.75** | **(-) 5503.64** |
| 12. | Net Surplus / (Deficit) as % of operating income | 3.09% | (-) 28.63% | (-) 27.53% |
| 13. | Average Surplus / Deficit as % of operating income | **(-) 17.69%** | | |

(iii). The cost statements filed by the VOCPT vide its letter dated 3 April 2010 were at the proposed tariff level. The summary of consolidated and sub activity-wise cost statement filed by VOCPT at the proposed tariff (excluding the capital dredging activity for which special rate is approved) and excluding the railway activity reflected the following position:

| **Particulars** | **Operating Income at proposed tariff (₹ in lakhs)** | | | **Net Surplus/ deficit (₹ in lakhs)** | | | **Net Surplus/ deficit (as % of operating income)** | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2010-11** | **2011-12** | **2012-13** | **2010-11** | **2011-12** | **2012-13** | **2010-11** | **2011-12** | **2012-13** |
| Port as a whole | 18575.17 | 19348.08 | 20633.83 | 1196.05 | (-)4712.76 | (-)4861.69 | 6.44% | (-)24.36% | (-)23.56% |
| Cargo handling activity | 12264.66 | 12722.00 | 13676.45 | 5444.29 | 5079.52 | 5730.49 | 44.39% | 39.93% | 41.90% |
| Vessel related activity (excluding dredging levy) | 6239.31 | 6553.45 | 6883.31 | (-)3565.37 | (-)9027.26 | (-)9813.38 | (-)57.14% | (-)137.75% | (-)142.57% |
| Estate activity | 71.20 | 72.62 | 74.07 | (-)682.06 | (-)763.06 | (-)777.21 | (-)957.95% | (-)1050.71% | (-)1049.25% |

(iv). The port has furnished separate working for dredging levy. As per the estimates for the years 2010-11 to 2012-13, the VOCPT has arrived at dredging levy of 53% of the vessel related income for deep draft berths other than container vessels.

(v). The main changes in the proposed Scale of Rates are:

(a). Vessel related charges:

- No change in the rates proposed except in the case of special rate for capital dredging.
- Special rate for capital dredging is proposed to be increased to 53% from the existing 30% of the applicable port dues, pilotage and berth hire for the vessel using berth nos.VOC-III, VOC-IV, Coal Jetty I, Coal Jetty II, Oil jetty and berth no.VIII.
- The frequency of payment in respect of port dues is proposed to be modified from existing dues payable once in 30 days to once in calendar month in respect of coastal vessel.

(b). Cargo related charge:

- No changes in the existing rates proposed.
- Wharfage charges are proposed on new cargo items steaming (non-coking coal) and sludge oil. 100% additional wharfage proposed in case of hazardous cargo.
- The cargo transshipment fee @ ₹3/- per tonne for cargo handled at anchorage proposed in the another proposal (which has been approved by the Authority) vide Order No.TAMP/51/2008-TPT dated 2 May 2011 has been incorporated in the proposed Scale of Rates.

- Increase in the License (storage) fee for open space in Zone A is proposed in the range of 150% to 300%. The existing and the proposed license fee is tabulated below for easy reference:

| Sr. No. | Open space | Unit | Existing rate | Proposed rate |
|---|---|---|---|---|
| (i). | Outside the security wall of the port: | | | |
| | Per month or part thereof | Per sq. mtr. | 6.40 | 16.00 |
| | Per week or part thereof | | 1.60 | 4.00 |
| (ii). | Within the security wall of the port | | | |
| | Per month or part thereof | Per sq. mtr. | 8.00 | 32.00 |
| | Per week or part thereof | | 2.00 | 8.00 |

For zone B, the existing license fee prescribed at 50% of the rate prescribed for Zone A is proposed to be increased to 100% of the rate proposed for Zone A.

- It has proposed to levy 150% of the applicable wharfage for cargo handling inside harbour basin vessel-barge.

(c). The charge for hire of 10T wharf crane for other purposes is proposed at ₹3424 per hour or part thereof (foreign) as against existing ₹295 per hour. Hire charge for 6T wharf is newly introduced at ₹3157 per hour or part thereof (foreign). The port has furnished working in this regard. The existing hire charge prescribed for 20T wharf crane is proposed for deletion.

6. In accordance with the consultation process prescribed, the proposals dated 18 March 2010 and 3 April 2010 were circulated to the users / user organisations seeking their comments. The comments received from the users / user organisations were forwarded to the VOCPT as feedback information. While updating the cost statements with 2009-10 actuals, the VOCPT has furnished its remarks on the comments of users/ user organisations vide letter dated 16 July 2010.

7.1. As the financial year 2009-10 was already completed, the VOCPT was vide our letter dated 19 May 2010 requested to update the cost statements with 2009-10 actuals and to review the estimates for the years 2010-11 to 2012-13 based on 2009-10 actuals.

7.2. In response, the VOCPT vide its letter dated 16 July 2010 has filed a consolidated cost statements updating the estimates for 2009-10 with actuals. Apart from that the main modifications made in the cost statement as stated by the VOCPT are given below:

(i). Annual escalation in cost estimation is considered at 3.76% for the years 2010-11 to 2012-13 as against 5% annual escalation applied in the earlier proposal.

(ii). Deficit in the railway activity is also factored in the consolidated cost statement.

(iii). Traffic projections for the year 2010-11 has been modified based on the target given by the Ministry in the Memorandum of Understanding. Accordingly, the income projections are revised.

(iv). The estimation of capital employed for the years 2010-11 to 2012-13 is modified based on scheme to be completed during the years.

7.3. The VOCPT has furnished revised working for recovery of cost of dredging. A summarised position of statement relating to dredging levy furnished by the VOCPT is given below:

(**₹ in lakhs**)

| Sl. No. | Particulars | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Total |
|---|---|---|---|---|---|---|---|---|
| (i). | Vessel related charges (excluding dredging levy) for Deep Draft (from berth no.III, IV, Oil Jetty & Coal Jetty) | 3134.00 | 3450.02 | 3830.57 | 4148.06 | 4355.46 | 4573.23 | 23491.34 |
| (ii). | Average Dredging cost per annum | 1754.94 | 1754.94 | 1754.94 | 1754.94 | 1754.94 | 1754.94 | 10266.14 |
| (iii). | Dredging levy collected on container vessels at existing rates and the concession to container vessels borne by VOCPT | 468.81 | 429.52 | 404.45 | 439.97 | 459.87 | 482.86 | 2685.48 |
| (iv). | Dredging cost to be recovered from deep draft berths excluding container berth | 1286.13 | 1325.42 | 1087.00 | 1316.97 | 1295.08 | 1272.08 | 7582.68 |
| (v). | % of levy to be adopted for deep draught berths other than Container Berth (iv/(i) | 41.00% | 38.00% | 28.00% | 32.00% | 30.00% | 28.00% | 32.83% (Avg.) |

As per the statement furnished by the VOCPT based on the overall position for the years 2007-08 to 2009-10 actuals and estimates for 2010-11 to 2012-13, dredging cost of ₹7582.68 lakhs is to be recovered from vessel related charges (from deep draft berths viz. Berth nos.III & IV, oil jetty and coal jetty excluding container berth and non deep draft berth) and the revised levy percentage is arrived 32.28% of vessel related charges as against 53% proposed originally.

7.4. On perusal of the cost statements filed on 16 July 2010, it was observed that the VOCPT has only furnished a consolidated cost statements. The other forms are not updated with 2009-10 actuals and revised projections for the years 2010-11 to 2012-13. The VOCPT was, therefore, vide our letter dated 26 July 2010 advised to file revised cost statements in a comprehensive manner in the format prescribed updating all the cost statements with 2009-10 actuals and revised projections for the years 2010-11 to 2012-13.

8. The VOCPT has subsequently vide letter dated 21 August 2010 filed the remaining forms updating it with 2009-10 actuals and revised estimates for 2010-11 to 2012-13. The highlights of the revised cost statements are given below:

(i). The addition proposed to the gross block of assets during the years 2010-11 to 2012-13 are:

| Year | ₹ in crores |
|---|---|
| 2010-11 | 134.57 |
| 2011-12 | 407.55 |
| 2012-13 | 0.16 |
| **Total** | **542.28** |

(ii). The revised traffic projections for the years 2010-11 to 2012-13 is as follows:

| Year | Traffic (in lakh tonnes) |
|---|---|
| 2010-11 | 251.30 |
| 2011-12 | 263.87 |
| 2012-13 | 277.06 |

(iii). The actual traffic of VOCPT for the year 2009-10 excluding the traffic handled by BOT operator PSA SICAL Terminals Limited is reported at 237.87 lakh tonnes. A summary of the cost position reflected in the revised updated cost statements filed by VOCPT (excluding dredging levy) at the proposed tariff is given hereunder:

| **Particulars** | **Operating Income at the proposed tariff (₹ in lakhs)** | | | **Total** | **Net Surplus/ deficit (₹ in lakhs)** | | | **Total** | **Net Surplus/ deficit (as % of operating income)** | | | **Avg %** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2010-11** | **2011-12** | **2012-13** | | **2010-11** | **2011-12** | **2012-13** | | **2010-11** | **2011-12** | **2012-13** | |
| Consolidated cost statement excluding dredging levy | 19616.24 | 20441.21 | 21781.62 | 61839.07 | 872.31 | (-)6795.34 | (-)5780.76 | (-)11703.8 | 4.45% | (-)33.24% | (-)26.54% | (-)18.4% |
| Cargo handling activity | 12787.01 | 13270.47 | 14252.34 | 40309.82 | 5963.93 | 3477.22 | 5624.64 | 15065.7 | 46.64% | 26.20% | 39.46% | 37.43% |
| Vessel related activity (excluding dredging levy) | 6758.03 | 7098.12 | 7455.20 | 21311.35 | (-)4405.57 | (-)9280.95 | (-)10469.65 | (-)24156.17 | (-)65.19% | (-)130.75% | (-)140.43% | (-)112.12% |
| Railway | 447.37 | 441.08 | 463.14 | 1351.59 | (-)495.53 | - | - | (-)495.53 | (-)110.76% | - | - | |
| Estate | 71.20 | 72.62 | 74.07 | 217.89 | (-)688.61 | (-)784.32 | (-)802.98 | (-)2275.91 | (-)967.15% | (-)1079.9% | (-)1084.0% | (-)1043.7% |

*Note: The sum of figures relating to sub-activities do not match with the figure reflected in consolidated cost statement.*

9. Subsequently, the VOCPT vide its letter dated 31 August 2010 has submitted that 10T wharf crane and 6T wharf crane have been newly commissioned in the port. The rates proposed ₹3424 per hour or part thereof (foreign) for 10T wharf crane and ₹3157 per hour or part thereof (foreign) for 6T wharf crane already included in the draft proposed Scale of Rates filed with general revision proposal is proposed to be collected on adhoc basis based on agreement with users in the meeting held on 9 July 2010 pending approval of the Authority. It has attached a copy of the minutes of the said meeting with the users. The minutes of the said meeting reveals that Tuticorin Ship Agents' Association has objected the proposed rates are exorbitant. The minutes of the meeting records that the objection made by user association will be forwarded to TAMP for finalising the rate but the proposed rates will be in practice pending approval of TAMP.

10. The VOCPT in its another letter dated 30 October 2010 has stated the following:

(i). Consequent on the completion of Dredging of 9th berth at a cost of ₹44.00 crores, it is declared as eligible for call of vessels upto the permissible draft of 10.46 mt. with effect from 28 August 2010. Therefore, this deep draft berth no.9 will attract the dredging levy at 30% of the applicable port dues, pilotage and berth hire charges to the vessels berthed therein in conformity with Scale 2.5 (Special rate for capital dredging) of the existing Scale of Rates.

(ii). In this regard a meeting has been convened on 9 September 2010 to obtain concurrence of the users to collect the dredging levy for the 9th berth. Copy of the minutes of the above said meeting with users is furnished.

(iii). It has requested that the dredging levy proposed may be considered for approval by the Authority alongwith General Revision proposal.

(iv). The minutes of the meeting with users on the proposed levy reveals that the Tuticorin Ship Agents' Association states that the deep draught levy for 9th berth is not notified by TAMP and with no back up area in the 9th berth for handling bulk cargo, the port should not collect dredging levy.

The Users further stated that if at all proposed, the levy should be only from the date of intimation i.e. 8.9.2010 to the Trade and not retrospectively.

After discussions, the users stated that if dredging levy is imposed in respect of 9th berth with effect from 28.8.2010, it will be paid by them under protest, but willing to pay from 8.9.2010.

11. Based on a preliminary scrutiny of the proposal, a detailed questionnaire was sent to VOCPT vide our letter dated 15 October 2010 seeking additional information / clarifications from VOCPT. The VOCPT has furnished their response vide letter dated 8 December 2010. A summary of the queries raised by us and the corresponding replies furnished by the VOCPT is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Queries raised by us</th><th>Reply furnished by VOCPT</th></tr>
<tr><td>I.</td><td><u>GENERAL</u></td><td></td></tr>
<tr><td>(1).</td><td>The Authority has allowed flexibility to all major ports to reduce the rates prescribed in the Scale of Rates at their discretion mainly on commercial considerations. Such reduction, if any, effected by the VOCPT may be listed out and the consequential effect of such concessions granted on growth of traffic and impact of such reduction on the revenue may be analysed item-wise and furnished.</td><td>VOCPT implemented integrated incentive scheme every year including separate scheme allowing special concession periodically. The incentive amount viz., ₹13.15 lakhs (2008-09) & ₹188.90 lakhs (2009-10) have been added to the income of the concerned year. Details of reduction allowed year-wise from 2008-09 to 2009-10, impact of reduction, and increased tonnage handled for the cargoes is furnished by VOCPT which is summarised below:<br>(in ₹)
<table>
<tr><th colspan="6">Concession offered through wharfage for coal</th></tr>
<tr><th>Month</th><th>Qty. tons</th><th>Rate as per SOR</th><th>Conces-sion Rate</th><th>Conces-sion</th><th>Amount</th></tr>
<tr><td>08-09 (Feb. & March' 09</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>I. Coal</td><td>86586</td><td>27</td><td>20.25</td><td>6.75</td><td>584,456</td></tr>
<tr><td>Pet coke</td><td>97416</td><td>30</td><td>22.50</td><td>7.50</td><td>730,620</td></tr>
<tr><td>Total</td><td>184,002</td><td></td><td></td><td></td><td>1,315,076</td></tr>
<tr><td>2009-10</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Wharfage</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>I. Coal</td><td>2596580</td><td></td><td></td><td>6.75</td><td>17,526,915</td></tr>
<tr><td>Pet coke</td><td>181811</td><td></td><td></td><td>7.50</td><td>1,363,583</td></tr>
<tr><td>Total</td><td>2,778,391</td><td></td><td></td><td></td><td>18,890,498</td></tr>
</table>
<table>
<tr><th colspan="6">Impact on the Concession Offered</th></tr>
<tr><th>Cargo Handled</th><th>2008-09 (April to Jan'10)</th><th>2009-10 (April to Jan'10)</th><th>Qty increased</th><th>Rate</th><th>Earnings increased</th></tr>
<tr><td>Industrial Coal</td><td>1906979</td><td>2320752</td><td>413773</td><td>20.25</td><td>8,378,903</td></tr>
<tr><td>Pet coke</td><td>107098</td><td>160012</td><td>52914</td><td>22.50</td><td>1,190,565</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>9,569,468</td></tr>
</table></td></tr>
<tr><td>(2).</td><td>The port may examine whether any of the services qualifying under Section 42(3) of the Major Port Trusts Act are offered by any service provider authorised by the port. If so, the VOCPT may initiate action with reference to Chapter 7 of the tariff guidelines.</td><td>At present the BOT Operator, M/s.PSA SICAL is authorised to provide service in Berth No.VII. and 50% of Royalty income earned from BOT operator is considered as operating income for the relevant years. Other than this, there is no instance of deployment under authorised service provider. Private equipment are deployed as equipments for own use of the Agents.</td></tr>
<tr><td>(3).</td><td>The tariff guidelines of 2005 recommend that the tariff should be linked to benchmark levels of productivity. The VOCPT has not indicated anything about productivity levels to be maintained for various operations / services in the current tariff revision proposal. These may be included in the Scale of Rates and the basis adopted for determining the benchmark level of productivity may be explained. While doing so, it may be confirmed whether it takes into consideration the revised manning scales announced by the National Tribunal Award.</td><td>Port operations are being carried out simultaneously with private arrangements/ship devices. 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.</td></tr>
<tr><td>II.</td><td><u>FINANCIAL / COST STATEMENTS</u></td><td></td></tr>
<tr><td>(1).</td><td>Separate reconciliation statement reconciling each of the items of income, expenditure and net surplus as reported in the Annual Accounts for the years 2007-08 to 2009-10 may be furnished instead of showing each adjustments as part of the consolidated cost statement.</td><td>The VOCPT has furnished a reconciliation statement.</td></tr>
</table>

<table>
<tr><td>(2).</td><td>Comparison of actuals vis-à-vis estimates:</td><td></td></tr>
<tr><td></td><td>(i). The last tariff Order passed by the Authority on 14 July 2008 considered the estimates of three years viz. 2007-08 to 2009-10. The comparison of actuals vis-à-vis estimates furnished by VOCPT in Form 7 may, therefore, be updated with reference to 2009-10 also.</td><td>Updated Form 7 is furnished.<br>As per revised Form 7 furnished by the VOCPT, the net surplus/ deficit (estimated) vis-à-vis the actuals net surplus/ deficit for the years 2007-08 to 2009-10 is given below:<br>(₹ in lakhs)
<table>
<tr><th>Year</th><th>Estimates</th><th>Actuals</th></tr>
<tr><td>2007-08</td><td>5006.32</td><td>3740.98</td></tr>
<tr><td>2008-09</td><td>4857.47</td><td>3660.38</td></tr>
<tr><td>2009-10</td><td>4743.86</td><td>4952.66</td></tr>
</table></td></tr>
<tr><td></td><td>(ii). The comparative statement of actuals vis-à-vis estimates furnished by the VOCPT may be modified in view of the following gaps observed:</td><td></td></tr>
<tr><td></td><td>(a). None of the items viz. operating income, operating cost, management and general overheads, FMI, FME tally with the estimates considered in the last tariff Order. The VOCPT may consider the estimates as per our last tariff Order of July 2008. While doing so, as stated in Note 2 of the format prescribed, the income estimates must be adjusted with reference to the tariff increase allowed by the TAMP.</td><td>(a). In the order of the Authority notified on 29.8.2008, 5% decrease in respect of Port Dues and Berth hire charges alongwith 15% decrease was adopted in respect of Pilotage. This is now suitably incorporated in the revised Form 7.</td></tr>
<tr><td></td><td>(b). The estimates considered in the last tariff Order factored the impact of wage revision for the years 2007-08 to 2009-10 as a separate entry which may also be shown in the comparative statement.</td><td>(b). The impact of wage revision is in built in the Annual Accounts for 2009-10 and thereafter during the tariff cycle. Provision made in 2007-08 and 2008-09 are adjusted against liability while accounting the arrears in 2009-10. For the future periods, the expenditure is projected based on the actual expenditure for 2009-10 which includes revised salaries. Hence it is not shown as a separate entry as done in previous revision.</td></tr>
<tr><td></td><td>(c). Provision for wage revision, if any, provided in the Annual Accounts may be indicated and its treatment in the cost statement may be explained.</td><td>(c). As the provision for wage revision is inbuilt one, it is not indicated as a separate treatment in the cost statement. This is consequent to the revision of Class III & IV employees effected in March 2010 and revision of Class I & II officers effected in July 2010.</td></tr>
<tr><td></td><td>(d). In the last tariff revision Order, the estimates of estate income did not exclude non-residential income. The methodology followed in the last tariff revision Order may be maintained in the estimates as well as actuals while making the comparison.</td><td>(d). Non residential income is covered under proposal of revision of Lease rent proposal under consideration of Authority. Hence the same is excluded in respect of both income and expenditure of non-residential activity. However, the requirement of the Authority is complied in a separate cost statement.</td></tr>
<tr><td></td><td>(e). Furnish the detail working of capital employed for the years 2007-08 to 2009-10 considered in the cost statement with reference to actuals reported in the Annual Accounts. Also, furnish breakup of the net fixed assets into business assets, business related assets and social obligation assets as done in the last tariff revision Order.</td><td>(e). Details of working of capital employed for the years 2007-08 to 2009-10 is already furnished. A copy is enclosed. Also, a statement of net fixed assets with the break up details of Business and Non-Business assets is furnished.</td></tr>
<tr><td></td><td>(f). The variations may be quantified and reasons therefor may be furnished in view of revised comparative statement to be submitted by VOCPT.</td><td>(f). Nil</td></tr>
<tr><td>(3).</td><td>Highlights of the proposal (Form 1):</td><td></td></tr>
<tr><td></td><td>(i). The VOCPT has not furnished updated Form 1 while submitting the revised cost statements vide letters dated 16 July 2010 and 21 August 2010. In the original proposal filed by VOCPT vide letter dated 18 March 2010, the table 4 under Form 1 cited</td><td>Port's reply was with reference to TAMP letter dated 26.7.2010, which did not include Form-I. However, updated Form-1 is enclosed.</td></tr>
</table>

| | | |
|---|---|---|
| | that the proposal was to recover deficit of ₹292.47 lakhs. The position furnished in this table may be updated. | |
| | (ii). (a). The information furnished in the original proposal in Table 6 of Form 1 shows improvement in the productivity in terms of the average turn around time, the berth day output in the year 2010-11 over the performance achieved in 2009-10. Please indicate the productivity enhancement measures for the subsequent years 2011-12 and 2012-13 and also explain how the impact of the same is considered in the cost statement. The reduction in the unit cost, if any, exclusively due to improvement in the productivity may be indicated. | (a). Port has commissioned the 6-T and 10-T wharf cranes at Berth No.I & II to improve the productivity. Also, upgradation of mechanical handling equipments in Berth Nos. I to VI and XI is proposed under PPP mode. Since, the Capital Cost, Operating Cost and increased Tonnage have been considered for the calculation, TAMP's point is already taken care of. |
| | (b). The VOCPT may consider to include the benchmarks of productivity level as a conditionality governing the respective tariff items in the proposed Scale of Rates. | (b). There is no exclusive dedicated handling facility for handling cargo at General cargo berths (except coal Jetty and Oil Jetty which are handled by TNEB and IOC). 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 which is not practicable. |
| | (iii). When the proposal of the port is to maintain status quo in the existing vessel related charges and 30% to 52% increase is proposed in the special rate for dredging, it is not clear why the income from vessel related charges is estimated to reduce by ₹642 lakhs per annum in Table 7 under Form 2. The port may furnish detail working of the annual financial implication of the general revision proposal reflected in Table 7. | The drop furnished vide letter of even number dated 16.7.2010 is rectified in subsequent submission dated 21.8.2010. In the light of revised working for dredging levy as required by the Authority, the question does not arise. Besides, the income and expenditure on account of dredging activity is not included in General Revision.<br><br>The Annual financial implication of the General revision proposal reflected in Table 7 is since updated with revised working. |
| | (iv). The VOCPT may fill the information sought in Table 8 with reference to deviation, if any, in the tariff guidelines. | Nil |
| (4). | 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 revised consolidated cost statement as well as activity / sub-activity-wise cost statement furnished by the VOCPT does not project the estimates at the existing tariff. The VOCPT may update the cost statement furnishing the estimates at the existing tariff also in line with the format prescribed by the Authority. | As no revision is proposed except increase in Cargo Related Charges in respect of License (Storage) fee for open space, increase in storage income was suitably incorporated. In addition penal rate for over stayal beyond the license period and Shooting of film by Film making company or private parties are only proposed to be increased. |
| (5). | **Traffic Projections (Form 2A)**: | |
| | (i). 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 line in accordance with the five year plan / annual plan and the business plan of the port. The reasons for deviation, if any, in the traffic estimation considered in the cost statement from the projections made in the five year plan/ annual plan/ business plan need to be explained along with the basis of traffic estimation for the years 2010-11 to 2012-13. | Copy of relevant five year Plan/Annual Plan is enclosed. It is confirmed that the traffic estimates are in line and in accordance with the five year plan, available capacity and current trends. Copy of Traffic estimates as per Business Plan is also furnished. The VOCPT has stated that the Business Plan Projections does not materialise for the tariff cycle due to non completion of NCB – I, NCB – II and capital dredging to 12.8 mtr. |

<table>
<tr><td></td><td>(ii). Traffic figures furnished in Sr. No.1 under Form 2A seems to include the containerised cargo of the BOT operator PSA SICAL Terminals Limited. Please furnish the traffic volume exclusively handled by the VOCPT. The actual cargo exclusively handled by the VOCPT and the traffic handled by the PSA SICAL Terminals Limited (PSA SICAL) (in terms of TEU as well as tonnage) for the first five months of the financial year 2010-11 (i.e. till September 2010) may please be furnished.</td><td>The containerised cargo is exclusively handled by M/s.PSA SICAL, the BOT Operator but in the year 2010-11 upto October 2010, VOCPT & PSA SICAL handled container vessels as detailed below:-<br><br>
<table>
<tr><th>Sl. No.</th><th>Description</th><th>No. of TEUS</th><th>Tonnage</th></tr>
<tr><td>1.</td><td>VOCPT</td><td>1602</td><td>24030</td></tr>
<tr><td>2.</td><td>PSA SICAL</td><td>266341</td><td>3995115</td></tr>
<tr><td></td><td>Total</td><td>267943</td><td>4019145</td></tr>
</table></td></tr>
<tr><td></td><td>(iii). Explain, the reasons for not anticipating any increase in the traffic of POL in the year 2010-11 over the actual POL handled in the year 2009-10.</td><td>As consumption of POL is for local requirements and industries which are static in nature, no increase in POL traffic is anticipated.</td></tr>
<tr><td></td><td>(iv). (a). Furnish working of the designed capacity of the port for the years 2007-08 to 2009-10.<br><br>(b). The increase in the capacity envisaged in view of investment proposed for construction of berth no.9 and other investments and on account of productivity improvement expected from replacement of wharf crane, construction of pump house, etc., as cited in Form 4B may be furnished. Furnish the total estimated designed capacity of the port for the years 2010-11 to 2012-13 considering the capital investment proposed to be made during these years and the productivity improvements expected to achieve.</td><td>As per the commodity-wise capacity of the Major Ports assessed by the Ministry, the overall capacity of VOCPT was assessed at 20.75 Million Tonnes as on 31 March 2008, and for the year ended 31 March 2009 and 31 March 2010 it is assessed at 22.81 Million Tonnes per annum.<br><br>The additions in the capacity during the years 2010-11 to 2012-13 as furnished by VOCPT is given below:<br><br>
<table>
<tr><th>Sl. No.</th><th>Name of the Project</th><th>Year</th><th>Capacity in MTPA</th></tr>
<tr><td>1.</td><td>Dredging in front of berth no.9</td><td>2010-11</td><td>2.00</td></tr>
<tr><td>2.</td><td>Construction of North Cargo Berth-I</td><td>2011-12</td><td>5.00</td></tr>
<tr><td>3.</td><td>Upgradation of mechanical handling equipment under PPP mode</td><td>2011-12</td><td>8.30</td></tr>
<tr><td></td><td>Total 2011-12</td><td></td><td>13.30</td></tr>
<tr><td>4.</td><td>Construction of North Cargo Berth-II under PPP mode</td><td>2012-13</td><td>7.00</td></tr>
<tr><td>5.</td><td>Construction of one number of shallow water berth for handling construction materials under PPP mode</td><td>2012-13</td><td>2.00</td></tr>
<tr><td>6.</td><td>Conversion of Berth no.8 as second container terminal under PPP mode</td><td>2012-13</td><td>7.20</td></tr>
<tr><td></td><td>Total 2012-13</td><td></td><td>16.20</td></tr>
</table></td></tr>
<tr><td></td><td>(v). Number of foreign-going vessels upto 30,000 GRT reported at 1242 in the year 2008-09 drops to 896 vessels in the year 2009-10 despite increase in the volume of cargo handled in this year by around 8%. Specific reason, if any, for reduction in the number of foreign-going vessels in the year 2009-10 may be explained.</td><td>The total number of vessels reduced from 1524 (2008-09) to 1414 (2009-10). Whereas, the number of coastal vessels increased over foreign vessels in respect of Thermal coal etc. The number of foreign vessels (upto 30,000 GRT) decreased from 1323 (2008-09) to 959 (2009-10) whereas correspondingly coastal vessels increased from 201 (2008-09) to 455 (2009-10). Port started Anchorage handling and consequent increased parcel size of vessels also led to reduction in number of vessels.</td></tr>
<tr><td></td><td>(vi). (a). The traffic under ‘other cargo’ constitutes more than half of the total traffic handled/ estimated by the VOCPT. Please furnish breakup of the cargo under the category ‘other cargo’.</td><td>(a). Many items of cargo constitute the total of ‘other cargo’. It has furnished the breakup of other cargo for the years 2007-08 to 2009-10. As per the statement attached, containerised cargo and coal of TTPS at coal jetty each constitute around 25% to 28% of the total volume of cargo handled. The VOCPT has stated that other than POL and coal, all cargo are having general/common handling facility.</td></tr>
<tr><td></td><td>(b). Note 1 of the format prescribed by the Authority requires port trust to provide details of traffic, if they are more or equal to 10% of</td><td>(b). No other cargo other than COAL and POL and containers (handled by BOT operator) constitute more than 10% of total traffic of the Port.</td></tr>
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| | the total cargo traffic of the port. Furnish separate cost statement, if any, particular cargo item under this category constitutes more than 10% of the total traffic of the port. | |
| | (vii). The traffic projections do not explicitly indicate additional traffic likely to be handled due to construction of berth no.9, dredging of the channel to cater 12.80 meters draft vessel and other investments proposed in the three years 2010-11 to 2012-13. Additional cargo-wise traffic anticipated to be handled on commissioning of the various projects may be indicated. | There is a possibility of additional traffic projections only on completion of NCB-I and NCB-II which is expected after 2012-13. |
| (6). | **Income Estimation (Form 2B)**: | |
| | (i). The income from cargo/ container handling furnished in Form 2B indicates income from incentive at ₹15.34 lakhs in the year 2008-09 and ₹197.98 lakhs in the year 2009-10. Please indicate the nature of the income earned and the relevant tariff item approved by the Authority in this regard. The reason for not estimating any incentive income in the years 2010-11 to 2012-13 may be explained. | The amount represents incentives given and adjusted in operating income (actual). Hence the same is added back. It does not represent any income. For future, the same could not be anticipated now. The same is not relevant as the income projections are with reference to cargo handled at original rates without incentive for future years. |
| | (ii). The 'other income' in Sl.No.(B).VII under the vessel related income is found to be quite high in the year 2009-10 in comparison to the income reported under this head in the previous two years to that and also with reference to the estimates for future 2010-11 to 2012-13. Specific reasons, if any, in this regard may be explained. | Ad-hoc advance payment of ₹546.32 lakhs received from TNEB is accounted under 'other Income' under "Vessel Related Income" in the year 2009-10. The estimates of subsequent years 2010-11 & 2011-12 does not include such non recurring income. |
| | (iii). Explain the reasons for excluding the rental income from non-residential allotments. In the last tariff revision, no such adjustment was done by the VOCPT or by the Authority. Specific reasons, if any, for adopting a different approach in this regard in the current tariff revision exercise need to be justified. | As rental income and expenditure are included in proposal submitted for revision of lease rent due with effect from 1.7.2007, the same is excluded from general revision proposal. The same is due to coincidence of both proposals now, which did not occur in the earlier cases (i.e.) lease rent Revision in 2004 (with effect from 1.7.2002) and general revision in September 2008. |
| | (iv). Confirm that the income estimates for the years 2010-11 to 2012-13 are based on the ceiling rates approved by the TAMP in the existing Scale of Rates. | It is confirmed that the income estimates for the years 2010-11 to 2012-13 are based on the ceiling rates approved by the TAMP in the existing Scale of Rates. |
| | (v). Note 3 to Form 2B of the prescribed format for tariff proposal adopted by this Authority requires the major ports to provide detailed computation of income with reference to the estimated traffic. However, no such computation has been furnished by port. Please furnish detailed computation of income with reference to the estimated traffic at the existing Scale of Rates and the proposed Scale of Rates for all the years under consideration separately for each of the activities and sub-activities. | The future projections are based on the MOU target for 2010-11 and 5% increase per annum for 2011-12 and 2012-13 is adopted. Hence, the same is with reference to traffic handled and hence the same may please be admitted. |
| | (vi). Please furnish an analysis of average dwell time of different cargo for the past two years. Average dwell time considered for estimating the demurrage and storage income for the years 2010-11 to 2012-13 may also be indicated. | Requisite details is furnished for broad cargo group viz. dry, break bulk, liquid and container. Individual cargo-wise dwell time is not furnished as category-wise figures are only available. |

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| | (vii). (a). 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 deficit reflected in the cost statement of the railway activity in the past period 2007-08 to 2009-10 from overall surplus position in these years. In the last tariff revision Order the financial position excluding railways was analysed for determining the tariff revision. | (a). Due to the inordinate delay in getting approval of Railways for the Scale of Rates revision for Railway activity, VOCPT represented and TAMP also considered. In the last tariff order notified by the Authority on 29.8.2008 the Net Surplus after ROCE considered Railway deficit for the year 2002-03 to 2006-07 under Annexure I (a) of consolidated cost statement has been included. It has also been considered for arriving total Net surplus under para 11 (xiii). On the same lines only, now, the deficit of Railway activity has been considered for the years 2007-08 to 2009-10. |
| | (b). With reference to deficit in the railway activity, please furnish the following: | |
| | (i). Steps taken to make the railway activity self-reliant. | (i). The Railway Ministry is periodically pressed for the early revision of pending proposal on Railway siding charges to improve the earnings of Railway activity. |
| | (ii). Efforts made to review and revise the terminal charges with the approval of Railway Board. | (ii). Railway do not approve for revision as required by the Port. Hence, the need for cross subsidisation is inevitable. |
| | (iii). The necessity for the other port charges to cross-subsidise this activity. | (iii). The proposal for revision of railway siding charges was submitted to Ministry of Railways in May, 2002 but the approval of the same was received from the Ministry of Railways in September, 2004 other than Container Charges (after 2½ years). In respect of Container Charges, proposal submitted in May 2002 was not approved, but next proposal sent on 23.3.2006 was approved during 24.2.2010 (after 8 years from the Original proposal date). The Siding Charges (other than Container) per tonne basis sent on 23.3.2006 was approved on 4.2.2009 on per wagon basis instead of per tone basis proposed after 3 years.<br><br>Due to this delay, the Port has to absorb loss to the tune of ₹190.56 lakhs per annum. Hence the continued deficit not possible for recoupment in the past is to be absorbed by the general revision proposal. |
| | (viii). (a). The consolidated cost statement as well as the estate activity cost statement may be modified to include estate income from non-residential allotments also. | (a). However this is subject to remarks at para No.(iii) above on reason for including non residential income and expenditure under proposal for revision of lease rental. |
| | (b). The Authority has always held that port estate should be optimally and commercially exploited so that estate revenue can supplement the port's core functioning. The revised tariff guidelines of 2005 also recognise this position. Efforts done by the VOCPT in this regard may be explained. | (b). Necessary actions are taken for the optimal utilisation of land by leasing out lands to Port Users through on line system and by calling open tenders. |
| | (c). With reference to the proposal filed by the VOCPT for revision of lease rental which is being processed separately, the VOCPT has been requested to file a revised proposal taking into consideration our observations made vide letter No.TAMP/14/2009-TPT dated 9 August 2010. The additional income likely to accrue from the revised estate revision proposal to be filed by the port may be furnished year-wise. | (c). Land Allotments are being made as per Land Use Plan of the Port. Additional lands are allotted every year based on competitive tendering related to Warehouses, Open stackyard for containers etc.<br><br>Not relevant for General Scale of Rates since Estate Revision is a separate proposal. |
| | (ix). Form 2B shows that the income from dollar denominated item is estimated adopting the exchange rate of 1 US $ = ₹47.56. The income estimation may be updated based on the prevailing exchange rate. | Considering fluctuation of dollar rate, modification required will be submitted at the time of joint hearing. |

<table>
<tr><td></td><td>(x). (a). The Authority has already fixed upfront tariff with reference to the four proposals filed by the VOCPT viz. for container terminal, coal handling terminal, construction material at shallow draught berth and for mechanised handling equipment. The VOCPT is requested to furnish the details of the traffic, revenue share, income estimated from the projects already commissioned or likely to be commissioned in the tariff cycle under review. Upfront payment, if any.</td><td>(a). All the PPP Projects are expected to be commissioned beyond this Tariff cycle. Hence they are to be taken care of in the next revision exercise.</td></tr>
<tr><td></td><td>(b). No lease rental is charged on the operational area under VOCPT's operations. For the various PPP projects, however, the VOCPT proposes to allot land to the successful operator and collect lease rental. The income anticipated from such allotments of land made or to be made by the port to PPP operators on BOT basis in this tariff cycle may be indicated for each project alongwith detailed working and its treatment in the cost statement may also be explained.</td><td>(b). The issue of allotment of lands in respect of projects under PPP mode will be only after the current tariff cycle. Apart from this, no other lease rental is anticipated now. Hence, the addition to lease rental on account of this may please be taken as nil.</td></tr>
<tr><td></td><td>(c). The treatment given by the VOCPT in the cost statement with reference to the upfront fee receivable by the VOCPT from the PPP operator for the container terminal (berth no.9) may please be indicated.</td><td>(c). The upfront fee available from Container Terminal will be accounted as income.</td></tr>
<tr><td>(7).</td><td>Royalty/ Revenue Share receipts:</td><td></td></tr>
<tr><td></td><td>(i). As per the tariff guidelines, the Port Trusts are required to utilise the funds from Escrow Account for the purpose of creation and / or modernisation of the port infrastructure facilities within a period of five years. Please show how the said guidelines has been complied with by the port trust and the treatment given in the cost statement in this regard may be explained.</td><td>An amount of ₹33.73 crores in 2009-10, ₹26.85 crores in 2010-11 and ₹52.48 crores in 2011-12 are estimated to be utilised from Escrow Fund for the Projects of Dredging the channel and dock basin to 12.80 mtrs.</td></tr>
<tr><td></td><td>(ii). As stated in our earlier query, revenue share anticipated from the new PPP projects envisaged to be commissioned in this tariff cycle may also be included and shown separately. Please furnish computation in this regard.</td><td>It is not considered as the project implementation is beyond the current tariff cycle.</td></tr>
<tr><td>(8).</td><td>Operating Expenditure:</td><td></td></tr>
<tr><td></td><td>(i). Some of the itemised expenditure such as salaries and wages, repairs and maintenance, stores/ spares, etc. furnished in Form 3B do not match with the itemised expenditure reported in the summary of expenditure by types for the years 2008-09 and 2009-10 furnished in Annual Accounts. Each heads of expenditure shown in Form 3B may be reconciled with the operating expenditure reflected in the Annual Accounts for the years 2008-09 and 2009-10.</td><td>As the repairs & maintenance portion is separately shown under Repair & Maintenance (V) in TAMP format, the same is excluded from the respective types of expenditure of a Salaries & Wages and Stores. Hence it did not tally directly with type wise expenditure of Annual Accounts for the years 2008-09 & 2009-10. The following are expenditure included in Repair & Maintenance:
<table>
<tr><th>Type of expr. Included</th><th>2007-08</th><th>2008-09</th><th>2009-10</th></tr>
<tr><td>Salaries & Wages</td><td>325.43</td><td>385.82</td><td>508.82</td></tr>
<tr><td>Stores</td><td>66.18</td><td>81.40</td><td>87.69</td></tr>
</table>
Accuracy is however ensured.</td></tr>
<tr><td></td><td>(ii). As already communicated by us vide our letter No.TAMP/27/2005-Misc. dated 18 May 2010, an escalation factor of 3.76% per annum will be considered for the expenditure projections in the cost statement.</td><td>As far as expenditure projections is concerned, the escalation factor at 3.76% per annum is considered.</td></tr>
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<tr><td></td><td>(iii). Salaries and Wages:</td><td></td></tr>
<tr><td></td><td>(a). The National Tribunal Award of 2006 on manning scales has already been notified. Clause 2.6.2 of the tariff guidelines requires the port to regularly review and adjust the manning scales / datum. Please clarify whether the proposal of the VOCPT is based on the revised manning scales. If not, please modify the estimation of salary and wage cost based on the revised manning scales awarded by National Tribunal in 2006.</td><td>(a). The consideration of manning scales/datum has a very limited scope in VOCPT. It is relevant for VOCPT CHLP. Hence manning scales/datum is not considered in the general revision proposal. The same is having a limited application in Marine activity which is already implemented in Tuticorin Port Trust. This is accordingly reflected in Salaries and Wages of particular activities.</td></tr>
<tr><td></td><td>(b). Furnish the existing manning scales for different services, the manning scale proposed to be followed by the VOCPT and cost thereon for the traffic estimation made during the years 2010-11 to 2012-13.</td><td>(b). It has furnished the Manning Scales reportedly as per Award at the VOCPT.</td></tr>
<tr><td></td><td>(c). The number of employees reported at 1183 in the year 2009-10 is estimated to be reduced by 5.6% in 2010-11 and further reduction of 7% and 9.3% in the work strength is estimated in the next two years. Justify the reasons for estimating increase in salaries and wages cost by 3.76% per annum despite estimated reduction in the work strength.</td><td>(c). Considering the impact of increase in Salaries & Wages of Class-I & II Officers due to the implementation of special allowances under cafeteria approach and yearly annual increment given as 3% percent of pay for all categories of employees, the escalation of 3.76% applied for Salaries & Wages is only a token allowance for increase despite a drop in work strength is estimated.</td></tr>
<tr><td></td><td>(iv). Power and fuel Cost:<br><br>Clause 2.5.1. of the tariff guidelines stipulates that the expenditure projections should be in line with traffic projections and adjusted for price fluctuation. The consumption of power and the fuel generally vary with reference to the traffic growth. The power and fuel cost estimated by the VOCPT, however, does not seem to factor the traffic growth anticipated in the years 2010-11 to 2012-13. VOCPT may review and confirm that the estimation of these items is correct.</td><td>Due to more containerised movement of cargo and additional cargo are mainly envisaged in non-crane Berths, the estimation by the Port is confirmed.</td></tr>
<tr><td></td><td>(v). Repairs and Maintenance cost:</td><td></td></tr>
<tr><td></td><td>(a). Explain the basis for estimating the repairs and maintenance cost.</td><td>(a). The repairs and maintenance cost is based on the normal maintenance schedule and statutory requirements for civil structures, wharf cranes, floating crafts and other plants and equipments.</td></tr>
<tr><td></td><td>(b). The repairs and maintenance cost for the year 2009-10 is indicated at ₹2640.58 lakhs which is estimated to reduce to ₹2296.51 lakhs in the year 2010-11, and then increased to ₹2875.33 lakhs in the year 2011-12 and then scaled down to ₹2257.13 lakhs in the year 2012-13. Explain the reasons for such fluctuation in the estimation of repairs and maintenance cost in the alternate years.</td><td>(b). The expenditure for dry docking of Port's crafts is as follows:<br><br><table><tr><th>Description</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr><tr><td>Dry docking of Marine crafts</td><td>6.41 crores</td><td>6.00 crores</td><td>5.00</td></tr></table></td></tr>
<tr><td></td><td>(c). The VOCPT has estimated additions to the gross block of assets to the tune of ₹134.57 crores in the year 2010-11 ₹407.55 crores in the year 2012-13 and ₹0.16 crores in the year 2012-13. Clarify whether the estimates captures the repairs and maintenance cost, if any, expected on the additions proposed to the gross block during the years 2010-11 to 2012-13.</td><td>(c). The items cover Capital Dredging Expenditure in 2010-11 and 2012-13 for which no maintenance expenditure is required. Hence provision does not arise. Regarding the other assets, for the year of commissioning, no maintenance expenditure due to warranty period. Provision for maintenance is included for subsequent period in the tariff cycle.</td></tr>
<tr><td></td><td>(vi). Depreciation:</td><td></td></tr>
<tr><td></td><td>(a). In the last tariff revision, the depreciation was considered as per the</td><td>(a). Already furnished in Form 4-A enclosed to the letter dated 21.8.2010. This is based on Companies Act</td></tr>
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| | Companies Act and the same trend is followed in the estimates furnished in the current tariff cycle. The depreciation reported in the Annual Accounts is, however, based on the life norms prescribed by the Government. Due to different methodology followed in the books of Accounts, the net block to be considered in the cost statement should be based on the depreciation as per the Companies Act and not based on the figures reported in the Annual Accounts. Please furnish detailed working of net block, depreciation as per the Companies Acts and as per the books of accounts for the past period as well as estimates for the next three years. | depreciation which is being separately maintained sequentially over the years. This is for kind information. |
| | (b). The depreciation (excluding depreciation on dredging) as per the Companies Act shown in the cost statement is at ₹1131.84 lakhs, ₹1152.08 lakhs and ₹1302.56 lakhs respectively for the years 2007-08 to 2009-10. As against this, the depreciation reported in the Annual Accounts (excluding the depreciation of dredging levy is ₹898.07 lakhs, ₹940.00 lakhs and ₹1002.2 lakhs for the corresponding three years) reportedly based on the life norms prescribed by the Government. Similar trend is observed in the estimates for next three years as well. The reasons for such wide variation in the computation of depreciation under the two methods may be explained. Indicate the rate of depreciation followed by the port in maintaining the books of accounts (i.e. as per the life norms prescribed by the Government) and depreciation rate considered as per the Companies Act for each of the asset groups. | (b). This is the uniform practice followed in successive revisions. The rate of depreciation and method of depreciation and categories are different. The rate of depreciation followed by the Port for the Annual Accounts based on the guidelines of the Government and norms adopted by the Port is enclosed Annexure 15 (a). In respect of depreciation as per Companies Act, 1956, for the different categories, the Form 4A submitted vide Port's letter of even number dated 21.8.2010 information may please be referred to. |
| | (c). The depreciation considered in the consolidated cost statement do not match with the depreciation shown in Form 4A. Please make necessary correction in the relevant cost statement duly tallying these figures. | (c). The Form 4A gives total depreciation for all assets including capital dredging to 10.7 mtrs. completed in 1999. The consolidated cost statement does not include Depreciation in respect of Capital Dredging which is considered separately in the Calculations for Dredging Levy. |
| | (vii). **Insurance premium**:<br>The insurance cost estimated in Sr. No.VII under Form 3B is at ₹2.22 lakhs, ₹2.30 lakhs and ₹2.39 lakhs in the years 2010-11 to 2012-13. Apart from the above item, the insurance premium of ₹200 lakhs per annum is estimated as a separate entry under the head FME for each of the year 2010-11 to 2012-13. The reasons and basis for estimating ₹200 lakhs insurance premium per annum may be explained and justified with documentary evidence in respect of the current financial year. | Considering the proposal for bringing all the block assets of VOCPT under insurance coverage an amount of ₹200 lakhs is transferred to Insurance Fund towards insurance premium per annum under head of FME is provided pending Ministry's approval for insuring assets with Insurance Agency. ₹200 lakhs is worked out at 2% on valuation of material damage of ₹100 crores. This is a tentative estimate and is included as a token provision if Ministry gives clearance. |
| | (viii). No correlation can be drawn how the expenditure estimated in Form 3A and 3B are allocated between the various activities and sub-activities. Please furnish basis for allocation of all expenses covered under operating expenses, management and general overheads and depreciation and | Operating expenses are directly identified under each sub activity against each Principal activity. In respect of General Administration expenses and F&M expenditure, the basis of apportionment is with respect to Govt. Guidelines. |

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| | capital employed to the various activities and sub-activities alongwith detailed workings. | |
| (9). | **Finance & Miscellaneous Income**:<br>The actual income from penalty reported in the Annual Accounts under the head Finance and Miscellaneous Income (FMI) considered by the VOCPT in the cost statement is ₹129.89 lakhs in the year 2008-09 and ₹518.25 lakhs in the year 2009-10. Likewise, miscellaneous income of ₹348.59 lakhs and ₹483.21 lakhs reported for the corresponding years are also considered in the cost statement. Explain the nature of the income earned by the VOCPT and also clarify the position with reference to the estimates for the next three years in respect of these items.<br><br>The FMI for the year 2009-10 reports income from "items relating to previous years". Explain the nature thereof and the treatment given in the cost statement in the past period as well as the estimation for the next three years. | This mainly pertains to liquidated damages for non-performance of contract conditions in respect of hired tug ₹1.02 crores (2008-09), liquidated Damages in respect of 9th Berth Dredging (₹2.60 crs.) and wharfage for shortfall in MGT from M/s.SPIC (₹1.40 crs.) in 2009-10. This is non recurring in subsequent years.<br><br>The withdrawal of unutilised liability created in the previous year is shown as item relating to previous year under the FMI 2009-10. |
| (10). | **Finance & Miscellaneous Expenses**: | |
| | (i). The Annual Accounts for the years 2007-08 to 2009-10 report contribution to pension fund and gratuity fund at ₹1530.65 lakhs in the year 2007-08, ₹1562.38 lakhs in the year 2008-09 and ₹1506.33 lakhs in the year 2009-10 and pension payments of ₹1033.65 lakhs, ₹1261.18 lakhs and ₹1577.87 lakhs for the corresponding period. Recognising that pension payments are generally made from the Pension Fund separately maintained for this purpose, explain the reasons the Annual Accounts shows two entries towards contribution to the Pension fund as well as Pension payments. | As there is a shortfall in actual fund available in Pension Fund and Gratuity Fund requirement with respect to actuarial valuation, the Pension Payments are being met from General Revenue. The contribution to Pension Fund is towards the annual liability towards Pension and Gratuity Fund requirements for the year. |
| | (ii). The reasons for restricting the pension fund contribution uniformly at ₹400 lakhs each year under the head FME and then separately setting off the deficit in the pension fund to the tune of ₹1524 lakhs in each of the years 2010-11 to 2012-13 from the net surplus position is not clear. | The pension payment is considered at constant level at ₹400.00 lakhs per annum for each of the years from 2007-08 to 2012-13. It is an approximate amount computed @ 15% of annual salaries and wages (Basic pay + D.A.) to meet annual pension fund liability and 8.33% towards gratuity for each year. This is the uniform pattern adopted over successive revisions. |
| | (iii). Note 6 of the format prescribed by the Authority stipulates that pension payments made by the port to the extent it is 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. The port may confirm its compliance. | Yes. Confirmed. |
| | (iv). As per the details furnished in Form 3C, the pension fund liability and the gratuity fund liability as per the actuarial valuation is stated to be ₹25,806 lakhs and ₹2,393 lakhs respectively as on 31 March 2010. A copy of the report of actuarian may be furnished to substantiate the estimate.<br><br>The basis of estimating the pension fund and gratuity fund liability as per the actuarial | The VOCPT has enclosed a statement which gives the actuarial valuation of Pension/ Gratuity fund as on 31 March 2010 by LIC and the shortfall.<br><br>**Pension Fund**<br>(**₹ in crores**)<br><table><tr><th>As per A/c</th><th>LIC</th></tr><tr><td>For Existing Pensioners</td><td>136.17</td></tr><tr><td>For Existing Employees</td><td>117.66</td></tr><tr><td>Total</td><td>253.83</td></tr></table> |

<table>
<tr><td></td><td>valuation for the years 2010-11 to 2012-13 may also be explained and if possible supported with documents.</td><td><table>
<tr><td>Annual contribution</td><td>4.23</td></tr>
<tr><td>Fund required as on 31.3.2010</td><td>258.06</td></tr>
<tr><td>Actual fund as on 31.3.2010</td><td>181.84</td></tr>
<tr><td>Shortfall</td><td>76.22</td></tr>
</table>
Gratuity Fund<br>
(₹ in crores)
<table>
<tr><th>As per A/c</th><th>LIC</th></tr>
<tr><td>Valuation as on 31.3.2010</td><td>23.77</td></tr>
<tr><td>2009-10 Actual contribution</td><td>0.15</td></tr>
<tr><td>Valuation as on 31.3.2010</td><td>23.92</td></tr>
<tr><td>Actual Fund as on 31.3.2010</td><td>22.58</td></tr>
<tr><td>Shortfall</td><td>1.34</td></tr>
</table></td></tr>
<tr><td></td><td>(v). Please certify that the provision for pension liability does not include any liability pertaining to the past and the estimated pension liability is based on the actuarial valuation.</td><td>Yes. Confirmed.</td></tr>
<tr><td></td><td>(vi). Breakup of the actuarial valuation of the pension / gratuity fund in respect of existing employees and pensioners may please be furnished. Please indicate the step proposed to be taken by the port to strengthen the pension / gratuity fund.</td><td>It has referred to the statement furnished at (iv) above in this regard.</td></tr>
<tr><td></td><td>(vii). With reference to the Pension fund liability furnished by the VOCPT during the last tariff revision based on actuarial valuation as on 1 April 2006, the Authority in para 11(xiv) of the Order had met the short fall in the fund liability from the actual surplus assessed for the past period 2002-03 to 2006-07 and the surplus estimated for the year 2007-08 for adjustment. The Annual Accounts do not show any separate account of the Pension Fund. Please confirm and show the compliance of the adjustments done in the last tariff Order in this regard.</td><td>The Port is annually contributing to the Pension Fund and Gratuity at 5% and 8.33% of Basic Pay plus Dearness Allowance towards annual liability. Besides, as the actual Pension Fund and Gratuity Fund is less than the Fund required as per actuarial valuation for each year, the pension payments are being met from General Revenue and the interest earned is ploughed back to strengthen the Pension Fund.</td></tr>
<tr><td></td><td>(viii). The port is requested to furnish the Pension fund / Gratuity Fund statement for each of the years 2006-07 to 2008-09, if any, separately maintained by the port to verify the figures furnished in Form 3C.</td><td>The Balance Sheet of Pension Fund and Gratuity Fund for each year is available in Section 6 (Accounts Appendices) of the Annual Administration Report for each year. The same may please be referred to.</td></tr>
<tr><td></td><td>(ix). Confirm that other one time expenses such as arrears of wages/ pension, VRS compensation are not included under this head of expenditure in the cost statement as per clause 2.5.2. of the tariff guidelines.</td><td>Arrears of Salaries and Wages paid over and above the liability created is booked below Salaries and Wages under Operating Expenditure.</td></tr>
<tr><td>(11).</td><td>The basis of apportionment of the FMI, Finance and Miscellaneous expenditure and management and general overheads to the main activities/sub activities may be explained. Also confirm, whether it is in line the General Instructions given in Form 4A of the draft revised cost formats. If not, the reasons for variations may be explained. Please furnish detailed working of the allocation of expenditure to the main activities/sub activities.</td><td>Apportionment of expenses is as per the Government guidelines.</td></tr>
<tr><td>(12).</td><td>Capital employed:</td><td></td></tr>
<tr><td></td><td>Fixed Assets:</td><td></td></tr>
<tr><td></td><td>(i). The gross block of fixed assets, depreciation and the net block of assets</td><td>As the rate of depreciation and basis of depreciation for TAMP exercise and Accounts is different, it could not be</td></tr>
</table>

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| | furnished in the cost statement do not match with the figures reported in the Annual Accounts for the year 2009-10 which may please be reconciled. | tallied with Annual Accounts figures. |
| | (ii). The Annual Accounts for the year 2009-10 reports additions of ₹2,649.82 lakhs to the gross block in the year 2009-10 whereas Form 4A indicates the additions at ₹2,850 lakhs. This item may also be reconciled to match with the Annual Accounts. | The difference relates to Oil Spill Response equipments. This is under work in progress. However during 2010-11 ₹211.81 lakhs has been received from M/s.Indian Oil Corporation and M/s.SPIC as contribution for this work. Hence this asset is deleted to the extend of contribution from M/s.IOC & SPIC during 2010-11, 011-12 and 2012-13. |
| | (iii). The additions to the gross block of assets estimated for the years 2010-11 to 2012-13 are at ₹134.57 crores, ₹407.55 crores and ₹0.16 crores respectively. The sum of additions to the gross block indicated in Form 4B works out to ₹2 crores in 2010-11, ₹85.23 crores in 2011-12 and ₹470.48 crores in the year 2012-13. In view of wide gap, the figures relating to addition to the gross block in form 4A and 4B may be re-examined and the correct position may be reflected in the cost statements. | Form 4A represents total assets added to the Block of Assets for each year. Form 4B shows selected works identified as completed which have impact on the productivity in the Port operations. All assets included in Form 4A, therefore, will not form part of Form 4B. |
| | (iv). Since almost half of the F.Y. 2010-11 is already over, the present status of the projects executed or under execution in this year may be furnished. Please furnish supporting documents in this regard. The additional traffic, capacity, anticipated reduction in the unit cost, if any, on account of the additions proposed in the year 2010-11 may be indicated and reckoned with in the cost statement also. | Projects already considered are based on current status only. |
| | (v). Please furnish the details of action initiated, copy of the work awarded and the present status of execution with reference each of the additions proposed to the gross block of assets in the years 2011-12 and 2012-13. | The VOCPT has forwarded tender acceptance letter issued for NCB-I and work order issued for deepening the channel to 12.80 mtrs. with reference to the query raised by us. |
| | (vi). Additions to the capacity, traffic and income from the investment proposed in the year 2010-11 to 2012-13 may be considered in the estimates. | This is duly considered as applicable. |
| | (vii). During the last tariff revision, the Authority had considered the investment proposed by the VOCPT based on the information furnished by the VOCPT about the expected period of commissioning of the assets/ equipments. Some of the major investment considered in the last tariff revision Order are – | |
| | (a). Widening of port roads from western boundary to Green gate in the year 2007-08 – ₹2000 lakhs | (a). Completed – value of ₹989.00 lakhs under strengthening of service road phase-II is considered in 2009-10. |
| | (b). Construction of Berth no.9 in the year 2008-09 – ₹4000 lakhs | (b). Berth constructed ₹4000.00 lakhs considered in 2010-11. |
| | (c). Construction of shallow draught berth in the year 2009-10 – ₹3000 lakhs | (c). Since deferred and now considered under PPP mode. Hence will not from part of Ports Assets. |
| | (d). Reclamation of pavement in the year 2009-10 – ₹1500 lakhs | (d). Not considered as the main work of dredging to 12.8 mtr. is yet to be executed. |
| | (e). Procurement of equipment in the year 2008-09 – ₹1290 lakhs | (e). Completed and commissioned in 2010-11 ₹1330.00 lakhs. |

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| | From the details furnished in the Form 4B, it is observed that some of the above additions proposed in the last tariff cycle such as procurement of equipment, construction of berth no.9, widening of port roads from western boundary to Green gate, etc. are still not executed and are proposed as additions to the gross block in the current tariff cycle. The VOCPT is requested to indicate the factual position of commissioning and the capital cost incurred of the above major projects considered in the last tariff revision. Specific the reasons if any of the proposed capex could not be commissioned as envisaged in the last tariff Order may be furnished. | |
| | (viii). With reference to ₹295.22 crores additions proposed to in the year 2012-13 towards dredging the dock basin and channel to cater to 12.8 mtrs draft, the following points need to be clarified: | |
| | (a). Confirm whether the proposed capex has been sanctioned by the Government. 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. | (a). Yes. An amount of ₹538.00 crores is the estimated cost sanctioned by Government. ₹188.30 crores (35%) is to be financed as Grant from Govt. of India and balance from Internal Resources. Copy of sanction order forwarded by VOCPT refers to the work order issued by VOCPT for channel deepening and not the sanction of the Government. |
| | (b). 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. | (b). The work of dredging before $9^{th}$ Cargo berth to 10.7mtr. is completed at ₹4061.25 lakhs by September, 2010.<br><br>Work order No.E(C)/F59/10/Project/2010/D3919 dt. 28.10.2010 has been issued to M/s.Jan De-Nul Dredging India Ltd. dt. 30.10.2010. Period of completion is 18 months and is expected to completed by April 2012. |
| | (c). 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, explain why the proposed expenditure on capital dredging can not be funded from the balance available in the Escrow account in accordance with the provision prescribed in the tariff guidelines. | (c). The expenditure in respect of capital dredging (Non grant) is proposed to be funded from Escrow fund only upto the amount available in the Fund. Balance is proposed to be funded from Internal Resources of General Revenue. An amount of ₹33.73 crores in 2009-10, ₹26.85 crores in 2010-11 and ₹52.48 crores in 2011-12 are met from Escrow Fund. |
| | (ix). The details furnished in Form 4B states that the investment proposed on various items is expected to increase the parcel size of vessel, increase productivity or increase the throughput. The Form 4B may be updated quantifying the additional traffic expected, improvement in productivity in absolute terms and reduction in cost, if any, its effects may also be shown in the cost statements. | Additional traffic is possible only in respect of capital dredging to 12.8 mtr. but the same will bring additional traffic only when connected proposals of NCB – I, NCB–II and $8^{th}$ berth container terminal which will materialise only when the projects are implemented in full. This falls outside the tariff cycle. |
| | (x). It may be confirmed that the entire proposed expenditure in each of the year will be capitalised in the books of accounts of the same year and also the assets worth the | This is the normal practice being followed in accounting and is ensured in Tuticorin Port Trust. |

<table>
<tr><td></td><td>equal amount will be physically available for operation in the very same year. It may be noted that only completed and commissioned assets should alone be counted for capital employed.<br><br>Work-in-progress shall not be taken into account. A confirmation in this regard may be furnished.</td><td><br><br><br><br><br>Yes confirmed.</td></tr>
<tr><td></td><td>(xi). The additions proposed to the gross block of assets estimate ₹1428 lakhs in the year 2011-12 is towards replacement of wharf cranes in berth no.1 and 2. The port has, however, not considered any deletion of the existing equipment / facilities from the existing gross block for such assets.<br><br>The effect of sale value receivable from disposal of the existing asset may also be recognised in the cost statement. Expected Improvement in the productivity in the unit cost may be quantified and reckoned in the cost statement.</td><td>The existing wharf cranes 6T (2 Nos.) has been fully depreciated and is disposed off. This is considered in the Accounts for 2009-10 and profit on disposal (₹20.03 lakhs) is accounted under is included under Finance and Miscellaneous Income.<br><br>The same is accounted under either Profit on disposal of capital assets under Finance and Miscellaneous Income.<br><br>Improvement in productivity in the unit cost could not be quantified for reasons furnished earlier.</td></tr>
<tr><td></td><td>(xii). Form 4A does not show the capital assets which are proposed to be funded from the Escrow Account balance. Clause 2.8.3 of the tariff guidelines require the major ports to utilise the funds available in the escrow account for the purpose of creation/ modernisation of port infrastructure facilities within the stipulated time period. The port may list out the Capex which will be funded from the balance available in the Escrow account in accordance with the provision prescribed in the tariff guidelines.</td><td>Form 4A furnished the value of expenditure in respect of capital dredging 12.8 mtrs. in the year 2012-13. The same excluding 35% as grant and amount funded out of the Escrow Account. The following is the status of escrow fund utilisation:-<br><br>(₹ in crores)<table><tr><th>Description</th><th>2010-11</th><th>2011-12</th><th>Total</th></tr><tr><td>Escrow fund utilisation</td><td>60.58</td><td>52.48</td><td>113.06</td></tr></table></td></tr>
<tr><td></td><td>(xiii). The basis of allocation of the existing net fixed assets reported as on 31 March 2010 and additions, proposed to gross block out assets to the various activities / sub-activities may be explained and shown in a tabular statement.</td><td>As per extant practice, directly identified assets are allocated to concerned activities. Common assets are apportioned to principle activities.</td></tr>
<tr><td></td><td>(xiv). Please confirm that the assets, which are rendered surplus/ disposed off, are excluded from the capital employed for the purpose computing the ROCE.</td><td rowspan="2">Yes it is confirmed that the assets, which are rendered surplus/ disposed off, are excluded from the capital employed for the purpose of computing the ROCE.</td></tr>
<tr><td></td><td>(xv). Capital assets should be segregated into business assets, business related assets and social obligation assets in respect of cargo handling and vessel related activity for the purpose of computation of ROCE. Confirm the basis of such segregation is in line with clause 2.9.8. of the tariff guidelines.</td></tr>
<tr><td></td><td>(xvi). The return on capital employed on business related assets may be considered at 8.4% as per the risk free rate applicable for the year 2010-11 based on the review of the parameters of the ROCE conducted by the Authority.</td><td>It is modified and the revised statement is enclosed.</td></tr>
<tr><td></td><td>Working Capital:</td><td></td></tr>
<tr><td></td><td>(i). As per working capital norms prescribed in Clause 2.9.9 of the tariff guidelines, sundry debtors is to be estimated at 2 months estate revenue and 2 months</td><td>Yes.</td></tr>
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| | railway terminal charges. Please confirm and show that the sundry debtors considered in form 4A complies with the tariff guidelines. | |
| | (ii). Breakup of the stores consumption into capital spares, customized spares and other stores excluding fuel and customized spares may be furnished for the year 2009-10 based on actuals and estimates for the next three years and the estimation of inventory may be computed as per the norms prescribed in the guidelines for each of these categories of stores. | (a). Capital spares are insurance spares capitalised in the work and are considered at zero level.<br><br>(b). The customised spares consumptions are ₹155.20 lakhs and other stores at ₹31.81 lakhs for the year 2009-10. |
| | (iii). The cash balance estimated in the calculation of working capital is ₹22,287 lakhs for the year 2009-10 which is almost twice the annual expenditure of the port. The guidelines stipulate norm of one month cash expense for estimating this item. The estimates may be modified accordingly. | The amount includes cash and bank balances, accrued interest and Loans and advances also. This is as per procedure adopted in earlier revisions also. |
| | (iv). The basis of estimation of current liabilities may be furnished. | This is as per TAMP guidelines. |
| | (v). The basis of apportionment of capital employed i.e. net fixed assets and working capital between various activities and sub-activities may be indicated along with the working. | Depending upon the nature of the respective assets it is apportioned to various main activities/sub activities. |
| (13). | **Dredging levy**:<br>The VOCPT has estimated the annual operating cost for dredging at ₹1754.94 lakhs which constitutes of annualised debt servicing cost of ₹1345.72 lakhs per annum and the depreciation at ₹409.22 lakhs per annum uniformly for all the years 2007-08 to 2012-13 as per the working furnished in the original proposal. In this regard, the following points may be examined/ clarified: | |
| | (i). As already observed in para 11(xv)(d) of the last tariff Order, the computation of annualised debt servicing cost by VOCPT on the original loan of JBIC for the entire loan tenure of 27.5 years is not correct since the JBIC loan was prematurely closed in January 2005 and fresh loan was taken by the port for shorter duration of 7 years from IDBI. | Revised working is furnished. The revised working of dredging account is given in the subsequent paragraph. |
| | (ii). In the last tariff Order, the Authority had recognised annualised debt servicing cost on the fresh loan taken from IDBI at ₹3095 lakhs for the period from 28 January 2005 till the year 2011-12 as estimated by the VOCPT. The annualised debt servicing cost considered by the VOCPT is different from what was considered in the last tariff Order and hence may be modified suitably. | |
| | (iii). In the last tariff Order, the Authority had assessed the revenue surplus for the past period 2002-03 to 2007-08 at ₹7666.23 lakhs which was considered for adjustment of the deficit assessed in the dredging account for the period from 19 January 2005 till 2007-08. Further for the period 2008-09 and 2009-10, the surplus assessed was ₹8512.38 lakhs which was again fully set off against the deficit in the dredging account estimated for the | |

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| | years 2008-09 and 2009-10 and partly setting off the deficit in the dredging account for the prior period to the extent of ₹1360.56 crores leaving deficit of ₹3683.42 crores to be reviewed in the next tariff review. The cost statement relating to dredging furnished by the VOCPT does not factor the above adjustments. The VOCPT is advised to follow the approach followed in the last tariff Order for assessing the position in the dredging account till 2009-10 subject to updating the estimated revenue surplus for the years 2008-09 and 2009-10 with actuals now available. | |
| | (iv). Please clarify why the container vessels are exempted from increase proposed in the dredging levy. | This is based on the Port's proposal approved in January, 2001 wherein TAMP approved the concessional rate of dredging levy for container vessels. This is being successively maintained. |
| | (v). The capital employed with reference to dredging of berth no.VIII may be indicated separately for the years 2005-06 to 2009-10 and estimated position for the next three years. As stated in the last tariff Order in para 11 (xv) (e), the return on investment with reference to capital dredging on berth no.VIII may also be considered. | This was already included in the previous submissions. However, revised working as suggested herein on the lines of procedure adopted in August 2008 revision is furnished. |
| | (vi). Please furnish a revised statement of dredging account in the light of the above observation showing the year-wise inflow as well as outflow for the years 2007-08 to 2009-10 as well as estimates for the next three years. | |
| (14). | **Analysis of Efficiency and Productivity improvement (Form 6)**: | |
| | (i). The working furnished by the VOCPT comparing the average per tonne total operating expenditure for the years 2003-04 to 2006-07 with the per tonne cost incurred in the year 2002-03 and cost saving of ₹736.06 lakhs estimate for average traffic handled in the years 2003-04 to 2006-07 is not found to be in line with Clause 2.4.1. of the tariff guidelines.<br><br>The VOCPT may compare the relevant cost items during the period 2007-08 to 2009-10 covered by the last tariff Order of July 2008 with the corresponding items of actual variable cost incurred during the previous two years and conclusively establish that the savings, if any achieved, in the per tonne cost is due to improvement in productivity / efficiency. | In order to comply with a requirement Form-6, the savings cost is derived in a limited way in VOCPT. The services of cargo handling and vessel related services are not exclusively rendered by VOCPT but many like Crane operation and availability of cargo are dependent on factors not related to Port. Hence, working out savings in this backdrop may not be exactly accurate as in an exclusive container local terminals. Authority is requested to take appropriate decision on considering this aspect. |
| | (ii). Also, indicate that at the same level of reduced per unit cost is considered in the future estimates for the period 2010-11 to 2012-13 for claiming the benefit of efficiency improvement in this tariff cycle. | |
| | (iii). If any, cost reduction in the relevant items of variable cost emerges, 50% of such cost reduction may be accounted in the estimation of corresponding relevant items of variable cost projected for the years 2010-11 to 2012-13. | |

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| | (iv). The tariff guidelines of 2005 stipulate the tariff should be linked to benchmark levels of productivity. VOCPT has not indicated anything about productivity levels to be maintained for various operations/ services.<br><br>If benefit of efficiency improvement is to be considered in this tariff cycle, the VOCPT may consider prescribing the improved productivity level achieved in the ship berth-day output during the year 2009-10 as the benchmark level in its Scale of Rates. Also, propose a suitable scheme to allow rebate over the notified rates if productivity falls below the benchmark level. | Please refer reply to para I (3) above. |
| (15). | **Accumulations/ withdrawals from the Escrow Account (Form 9)**: | |
| | (i). The closing balance in the escrow account reported in the Annual Accounts for the year ended 2009-10 is ₹7933.43 lakhs as against ₹11226.07 lakhs indicated in Form 9. Further, individual figures relating to amount transferred to escrow account, investments made from the escrow account and interest earned on investment from escrow account furnished in the Form 9 do not match with the individual figures reported in the Annual Accounts for the year 2009-10 which may please be corrected. | The balance as per Annual Accounts 2009-10 is after meeting ₹3372.95 lakhs for dredging in front of 9th berth. The amount of ₹11226.07 lakhs is not adjusted with the same. The Form-9 is updated with the same (₹3372.95 lakhs and the same tallies with Annual Accounts (Form-9). |
| | (ii). Indicate the capex for which ₹3372.94 lakhs were deployed from the escrow account in the year 2009-10. | This is related to dredging before 9th berth to 10.7 mtr. |
| | (iii). Sl. No.VIII in Form 9 shows that ₹2990 lakhs in the year 2010-11 and ₹3140.84 lakhs in the year 2011-12 will be deployed from the Escrow Account to fund the capex. The details of investments proposed to be funded from the escrow account may please be furnished.<br><br>As suggested earlier, the VOCPT may consider to meet some of the infrastructure related investments proposed in the year 2012-13 also from the escrow account. | This is revised.<br><br>With respect to the guidelines of the Authority, Port proposes to utilise the funds accumulated un Escrow Fund for financing Capital Dredging to 12.8 mtr. subject to availability of funds. |
| **III.** | **SCALE OF RATES:** | |
| (1). | **1.2. – General Terms and Conditions**: | |
| | (i). The rate of penal interest proposed in note (vi) (b) may be updated at 2% above the prevailing Prime Lending Rate of State Bank of India. | Agreed to. |
| | (ii). (a). The reasons for proposing 33 1/3% concessions in port dues, pilotage and berth hire charges in respect of cruise vessels may be explained. | (a). This is based on the Board's decision with respect to Government directions to support cruise shipping. |
| | (b). If there is any direction of the Government in this regard, then the same may be supported with relevant documents. | (b). General direction to support cruise shipping have been issued by the Government. Copy of the minutes of the meeting by the (then) Hon'ble Minister Shipping on 29 June 2003 for review of progress made in providing cruise shipping is furnished. |

<table>
<tr><td></td><td>(c). Details of number of cruise vessels which called the port in the last three years and number of vessels expected in the next three years 2010-11 to 2012-13 may be furnished along with the revenue impact of the concession proposed in vessel related charges to this category of vessels. Please furnish working in this regard.</td><td>(c).<br>
<table>
<tr><th>Sl. No.</th><th>Year</th><th>Number of cruise vessels called</th></tr>
<tr><td>1</td><td>2007-08</td><td>-</td></tr>
<tr><td>2</td><td>2008-09</td><td>1</td></tr>
<tr><td>3</td><td>2009-10</td><td>1</td></tr>
<tr><td>4</td><td>2010-11</td><td rowspan="3">VOCPT is taking action to create necessary facilities for handling passenger vessels between Tuticorin & Colombo and hence the expected no. of vessels can be estimated only after inauguration of service and future arrivals.</td></tr>
<tr><td>5</td><td>2011-12</td></tr>
<tr><td>6</td><td>2012-13</td></tr>
</table></td></tr>
<tr><td>(2).</td><td>(i). 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 this regard.<br><br>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 proposed suitable slab structure to smoothen the impact.</td><td>The existing scale structure is proposed to be retained considering the point recorded vide para 11(xvii) of TAMP Order notified dated 29.8.2008 and continued relevance of the same status in the current tariff cycle.</td></tr>
<tr><td></td><td>(ii). Furnish a statement showing number of vessels, average GRT of the vessels for the past two years 2008-09 and 2009-10 for both foreign-going vessels and coastal vessels separately. Furnish similar details for the years 2010-11 to 2012-13 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.</td><td>The tabular statement containing the required particulars for the years 2008-09 & 2009-10 are furnished. It is expected that the same trend will be continued for the years 2010-11 to 2012-13. In respect of Port Dues there will be no financial implications since single rate is applicable with existing slabs. As far as berth hire is concerned, the existing structure holds good. The existing slabs may be retained considering the point made in para 11 ((xvii) of Authority's order notified dated 29.8.2008 and the continual pattern of vessel arrival.</td></tr>
<tr><td>(3).</td><td>2.1. – Schedule of Port Dues:</td><td></td></tr>
<tr><td></td><td>(i). The frequency of payment in respect of port dues is proposed to be modified from existing dues payable once in 30 days to once in calendar month in respect of coastal vessel. The reason and the intention of the proposed modification in the frequency of levy of port dues may be explained. The revenue impact, if any, of the proposed modification may be indicated.</td><td>To simplify billing mechanism and to simplify identification of number of visits of a vessel. Calendar month is easier to track in system. However, there will be no monetary implications.</td></tr>
<tr><td></td><td>(ii). In the last tariff Order, the Authority in para 11(xxi) had advised VOCPT to propose unit of levy of port dues for coastal vessel at par with foreign-going vessel i.e. on per entry basis. The VOCPT may adhere to the suggestion rendered in the last tariff Order in this regard and furnish detailed working.</td><td>Port's submission recorded in para 11 (xxi) of TAMP order notified dated 29.8.2008 may be referred. As most of coals vessels and 50% of oil vessels form major part of the coastal vessels, the rate of Port dues for coastal vessels may be fixed at 50% of Port dues per entry as proposed by VOCPT or the Authority may permit to maintain status quo.</td></tr>
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| | (iii). Explain the reasons for exempting non-commercial vessel, fishing vessel and craft from payment of port dues. | Based on the traditional practice, Port Dues exempted for such vessels like fishing vessels, crafts and non-commercial vessels. Fishermen crafts ply in Port water regularly and they are not within the purview of vessel recording due to operational reasons, hence the exemption is a must. |
| (4). | **2.2.2. – Miscellaneous pilotage fees**:<br><br>The reasons and the basis for proposing increase in the fee proposed in Sr. No.4 for services of pilot requisitioned but not utilised from the existing US $ 55.3214 to US $ 131.70 may be explained. | The pilotage fees presented under 2.2.1 contain minimum pilotage fees of $526.80. If 25% is applied on this comes to $131.70. Hence the rate at $131.70 per ship may be accepted. |
| (5). | **2.2.3. – Shifting Charges**: | |
| | (i). The existing Scale of Rates under schedule 2.2.3. (ii) prescribes shifting charges for shifting of vessels between berths from South Break Water to North Break Water or vice-versa, and also from shifting of vessels between various other berths. In the revised proposed Scale of Rates, title of the schedule is modified wherein shifting of vessels between various other berths is deleted. The reasons for the proposed modification may be explained. Also, explain the shifting charges applicable in case of movements between other berths in view of the proposed modification. Annual financial impact, if any, from the proposed modification may also be indicated. | The shifting between other berths is felt superfluous in as much as, Scale 2.2.3(i) covers the same. Hence it is deleted. This has no financial impact. |
| | (ii). In the last tariff revision, the Authority in the para 11 (xxiii) (c) had advised the port to formulate a well analysed proposal with reference to shifting charges for movement of vessel between North Break Water (NBW) to South Break Water (SBW) and charges for movement from North Break Water to South Break Water and between various other specified berths with reference to the cost of providing the services. The VOCPT is requested to adhere to our advice. | As shifting involves the standing charges of Pilot boarding and tug mobilisation etc., cost based rates may not be practicable. |
| (6). | **General notes relating to Schedule 2.2.1., 2.2.2. and 2.2.3.**: | |
| | (i). Explain the reasons for proposing to levy 100 % of pilotage fee plus double the shifting charge in case of shifting vessel on cold move in note 1 in the light of the fact that shifting between berths may not involve complete pilotage act. The additional revenue expected from the proposed condition may be indicated. | The current scenario of collecting 100% pilotage fee as additional pilotage for cold move in any one operation viz., inward/outward shifting entails payment of excess charges for cold move during shifting between berths etc., Hence the proposal is to rationalise and to make the charge equitable for the service rendered. The exercise on cold move is very rare and hence the financial implication will be very negligible. |
| | (ii). Note no.8 proposes levy of full pilotage charges when vessel ousted is shifted to anchorage and shifting charge if ousted vessel is shifted to other berths. The circumstances when the ousted vessel will be shifted to anchorage/ other berth may be elaborated in the Scale of Rates. The additional revenue expected from the proposed condition may also be indicated. | Whenever, instances are there during availing of ousting priorities the vessel to be ousted may be shifted to adjoining berths within harbour basin instead of shifting to outer Anchorage. In order to render justice, the proposal is included and avoid excess levy. Additional revenue implications is negligible. |
| | (iii). With reference to the note no.9 proposed by the VOCPT, the Authority had while approving the Order on 22 June 2004 | The Authority's order referred to above highlight the presence of different variables encountered at different berths. As the situation enumerated by this Port |

<table>
<tr><td></td><td>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 advised was reiterated in the last tariff Order passed on 14 July 2008 at para 11 (xxiii) (a). The port is advised to adhere to our suggestion rendered in the earlier tariff Order in this regard and formulate suitable proposal prescribing the broad circumstances under which the notice is to be issued to vacant the berth.</td><td>recorded in the order still holds good, status quo may be maintained.</td></tr>
<tr><td></td><td>(iv). The existing Scale of Rates prescribes various conditions under note no.9 for levy of shifting charges and cleaning charges when, in times of congestion, MOP/SOP and Rock Phosphate are to be handled at berth no.VIII which is otherwise meant for handling dust free cargo. In the proposed Scale of Rates, however, the VOCPT has proposed to delete the said existing Note no.9. Confirm that the circumstances which required introduction of these conditions are not relevant now.</td><td>Considering the current scenario of berthing facilities, the Port has taken the policy decision to delete deemed shifting charges covered in Note.9.</td></tr>
<tr><td>(7).</td><td>2.4. Berth Hire Fees:</td><td></td></tr>
<tr><td></td><td>(i). As stated in Sl. No.III. 2.(iii). 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>Reply furnished at III (2) (i). TAMP clarification may please be referred to.</td></tr>
<tr><td></td><td>(ii). With reference to modifications proposed in berthing fees at Zone B in respect of sailing vessels in Sl. No.6 under Schedule 2.4.2., the following points may be clarified:</td><td></td></tr>
<tr><td></td><td>(a). The basis of arriving at the proposed berth hire on per GRT per hour basis as against the existing unit of levy prescribed on per GRT per trip basis on sailing vessel at Zone B may be explained.</td><td>(a). The existing rate per trip is rationalised as per hour based on average 8 hours per trip.</td></tr>
<tr><td></td><td>(b). The average stay of sailing vessels alongside the wharves at Zone B in the last three years and the revenue earned may be furnished alongwith the revenue estimation for this category of vessel for the next three years at the existing rate and the proposed rate. Please furnish working in this regard and the revenue impact of proposed tariff for each of the year 2010-11 to 2012-13.</td><td>(b). The sailing vessels are of very low GRT. The tonnage and number of vessels and average tonnage per vessels are as follows:
<table>
<tr><th>Particulars</th><th>2009-10</th><th>2010-11 (upto Sept)</th></tr>
<tr><td>Tonnage</td><td>17494</td><td>5875</td></tr>
<tr><td>No. of vessels</td><td>83</td><td>21</td></tr>
<tr><td>Average tonnage per vessel</td><td>210 T</td><td>280 T</td></tr>
</table>
Considering the above, the revenue implications are very less in respect of sailing vessels which are berthed at Zone-B. Besides the data are not readily available at present.</td></tr>
<tr><td></td><td>(iii). The reasons and the basis for proposing to levy double the berth hire charges in respect of vessel repairing and bunkering purposes (except cargo operation) in Note no.10 may be explained alongwith its revenue implication. The port may also furnish details where number of such vessels, berth occupied, the existing berth hire applicable, average stay of vessels in the last two years.</td><td>This is only a penal levy so as to discourage such vessels as Port's berths are meant for cargo handling operations as priority with need to ensure quick turnover time. This is a rare occasion and hence the revenue implication is negligible.</td></tr>
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| | (iv). With reference to the note proposed at Sl.No.11, the following points may be clarified: | |
| | (a). The circumstances requiring introduction of the proposed note may be explained. | (a). To keep anchorage area free for new vessels without being occupied by existing vessels. |
| | (b). Which category of 'other vessel' will attract the penal berth hire may be explicitly stated in the Scale of Rates. | (b). The 'other vessel' is erroneously included and may please be deleted. |
| | (c). Analysis or study done by the port while introducing the proposed note may be explained. | (c). Not applicable as proposal is a penal charges. |
| | (d). Furnish details of average stay of vessels at the anchorage for each categories of vessel, normal time required for berthing the vessel, when gangs are booked normally by agents, average time taken by the port to supply gang after the request is made, etc. | (d). This is a penal charges and hence the instances cited could not be quantified now. |
| | (e). The VOCPT may examine the objections raised by the most of the users / user associations on the proposed note and address the issues raised by them. | (e). The charges is requested for retention considering the justification furnished. |
| | (f). The revenue impact of the proposed condition may be indicated with detailed working. | (f). Not possible for estimation as the item proposed is as a penal charges. |
| (8). | **2.5. – Special rate for Capital Dredging** Justify the proposed increase of 53% in the special rate for capital dredging with reference to the working furnished by the VOCPT vide its letter dated 16 July 2010 which shows the 32.28% increase is required in the existing levy. | Revised workings as directed by TAMP is furnished. |
| (9). | **2.7. – Anchorage Fees** The existing Scale of Rates under note no.1 Sl.No.(i) to (iii) prescribes some concessions to vessels from / to Maldives, Colombo, etc. for their stay at anchorage. The reasons for withdrawing the concession available to these categories of vessels in the proposed Scale of Rates may please be explained alongwith revenue implication. | Congestion at anchorage will affect the berthing of vessels and also a hindrance for lighterage operation. Hence as a deterrent, the concession for Maldives/Colombo vessels is proposed to be withdrawn. |
| (10). | **3.1. – Schedule of Wharfage Dues**: | |
| | (i). Wharfage charge may be proposed based on the cost of handling and special care required to be taken while handling and storage of cargo as prescribed in clause 4.2.2. of the revised tariff guidelines. The VOCPT may accordingly consider rationalising and simplifying the wharfage schedule. A brief note may also be furnished explaining how the proposed wharfage schedule satisfies the stipulations of the revised guidelines. | Wharfage charges are landing dues for the availability of the landing places. Cost of handling is not relevant as the same is relevant only to deployment of labour of CHLP. Separate proposal on revision of levy for CHLP is under consideration of TAMP. |
| | (ii). The nomenclature of 'Industrial Coal' mentioned in the existing Scale of Rates under sl. no.3(c) is proposed to be modified as 'Steaming (Non-coking Coal)'. Please confirm whether they are same category of cargo. | Yes, both are same. |
| | (iii). (a). The VOCPT has proposed to introduce wharfage rate for fly ash and sludge oil at ₹18.00 per tonne and ₹47.10 per tonne respectively. The basis of arriving at the proposed rate may be explained. | (a). As Fly Ash is meant for construction purposes, the rate is proposed on par with river sand. For sludge oil, the rate is based on rate prescribed in Chennai Port Trust. |

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| | (b). The traffic handled, if any, in respect of this cargo in the last two years, the wharfage applied and the income therefrom may be indicated. | (b).<br><table><tr><th>Particulars</th><th>2009-10</th><th>2008-09</th></tr><tr><td>Fly Ash</td><td>--</td><td>10026</td></tr><tr><td>Sludge oil</td><td>--</td><td>--</td></tr></table> |
| | (c). The additional income, if any, estimated from these two cargo may be furnished for the current tariff cycle alongwith the detailed working of traffic, income at the existing rate/ proposed rate. | (c). Could not be anticipated in view of reply to (b) being negligible quantity. |
| | (iv). The Authority had already advised the VOCPT in the last tariff Order in para 11 (xxviii) (d) to propose specific wharfage rate based on unit/ volume instead of advalorem rate at the time of next tariff review in view of clause 4.2.2. of the tariff guidelines. The VOCPT may, therefore, review the wharfage rate proposed in sl. no.19 to 23. | Advalorem rate may please be retained as the contribution in respect of high value item to income. If metric tonne rate is evolved the same may not be reasonable with respect to tonnage handled and space occupied. |
| | (v). The note proposed at 4(v) forms part of its proposal filed by it for fixation of anchorage fee for lighterage operation and query is being raised in the said proposal separately. | No comments. |
| | (vi). The reasons for introducing the proposed note no.4(vi) for levy of 150% of the applicable wharfage for handling of cargo inside harbour basin vessel-barge-wharf and vice-versa may be explained and justified it with reference to additional cost involved for such handling. | For landing places at wharf 100% wharfage is being levied when barge operations take place in Harbour basin. When subsequently handled at berth, in addition to 100%, 50% is added to have a reasonable rate for handling in barges on harbour basin. |
| | (vii). The note at Sr.No.(8) proposes to levy 100% additional wharfage in case of hazardous cargo. Justify the proposed additional wharfage for hazardous cargo with reference to additional cost involved for handling such cargo and also with reference to clause 5.7.3. of the tariff guidelines which stipulates 25% premium on handling and storage of hazardous container. | Existing practices to continue as in other Ports. Model SOR also provide for this. The issue of safety and cost of ensuring safety cannot be quantified. Hence, the same may please be retained. |
| | (viii). The proposed note introduced at Sr. No.14 and 15 listing the documents required for assessment of wharfage charges on liquid coastal cargo, for home consumption, etc. are procedural aspects not related to tariff and hence may be deleted from the proposed Scale of Rates. | This is meant to ensure clarity on levy of charges and also to indicate the basis of valuation hence the same may please be retained. |
| | (ix). (a). 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. | (a). This is not a cost based rate but a rate to ensure handling of cargoes at berths and transporting thro' port roads without slippages and consequential contamination hence the same may please be approved. Port permanently deploy road sweeping machine throughout the year and ensure cleaning roads inside wharf to ensure environmental requirements. |
| | (b). The cargo category likely to attract the propose charges may be explicitly mentioned in the Scale of Rates. | (b). Bulk cargoes like fertilisers, copper concentrate, foodgrains etc. are the cargoes to pay the cleaning charges. |
| | (c). 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 | (c). The cost of cleaning the roads through Road Sweeping Machine and other cleaning by manual labour are included in the operating expenditure. This is not a cost based charges and hence linkage to wharfage is not possible. In as much as the cleaning charges form part of the operating income, the question of reduction in wharfage does not arise. |

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| | the extent separate cleaning charges is proposed to be introduced as already observed in the last tariff Order in para 11 (xxviii)(h). | |
| (11). | **3.3. – License (Storage) Fee**: | |
| | (i). The reasons and basis of proposing increase in the license fee for storage of cargo in open space outside the security wall and 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 37.43% for the years 2010-11 to 2012-13. | To reduce deficit in other activity and to ensure that the rate are comparable to other neighbouring Ports. |
| | (ii). The revenue implication of the proposed tariff may be furnished year-wise for the years 2010-11 to 2012-13 alongwith detailed working. | Detailed working of revenue implication of various modifications proposed in SOR in license fee at Zone A and B, introduction of cleaning charge, additional cranage charge, deemed shifting charge, is furnished. As per the working, the additional revenue is estimated to be ₹642.26 lakhs per annum. |
| | (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. | Yes. |
| | (iv). Section 49 empowers this Authority to fix the rates and conditions in respect of land and properties of the major ports used for specified purposes. The reference given in the proposed note no.1 to Section 49 of the MPT Act is not found to be relevant. | It is mentioned for reference. Hence, may please be retained. |
| | (v). Explain the basis and reasons for introducing proposed note no.9 for levy of license fee double the prescribed rate in case goods are stacked beyond the license period and not renewed by the port. | This is a penal rate to prevent over stayal beyond the licence period approved by Tuticorin Port Trust so as to ensure quick clearance to pave way for incoming cargo. |
| (12). | **Schedule – 5.02.2. Charges for hire of grab for wharf crane and other mechanical appliances to masters, owners or agents of vessel**:<br><br>The existing note 1 under the Schedule 5.02.2. stipulates that berth hire includes cranage component. The VOCPT has now proposed to modify the existing note (1) to state that berth hire includes cranage component of one wharf crane and 20% of the berth hire will be levied if more than one crane is supplied by the port. In this regard, the following points may be clarified/ examined: | |
| | (i). The reasons for modifying the existing note may be explained. | Instances are coming in where more than one wharf crane is required by Users. As Berth hire is in built with cranage element for one wharf crane, hence the proposal. |
| | (ii). In view of the modification now proposed by the port to state it that includes only one crane, the unit rate of berth hire fee for crane berth may be reduced correspondingly to the extent of the cost of more than one crane included in the berth hire. | In as much as only one wharf crane charges were applied earlier and the same is duly merged with berth hire additional wharf crane charges is being proposed. Hence reduction of berth hire does not arise. However, an amount of ₹28.20 lakhs is identified as earnings in respect of cranage element for deploying more than one crane based on current trend of deployment. Impact of additional income is already furnished while replying other query of the TAMP. |

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| | (iii). Please explain the basis of levying 20% of the berth hire as cranage component for providing more than one crane. | Based on existing rate of rebate for non provision of wharf crane. |
| | (iv). The Authority while approving Order No.TAMP/22/2007-TPT dated 30 December 2009 had in para 12(xviii) directed the VOCPT to refrain collecting any charge linked to berth hire from users for permitting use of HMC. Confirm its compliance. | Yes. No such charge is being collected except on mutual consent. |
| (13). | **Schedule – 5.03. Charges for hire of cranes, fork lift truck and other mechanical appliances for purpose not specified in Schedule 5.2. and 5.2.1.**: | |
| | (i). With reference to the rates proposed for wharf crane of 6 Tonnes and 10 Tonnes capacity under Sl.No.7, the following points may be clarified: | |
| | (a). If these equipment are already commissioned, the exact date of commissioning of equipment may be furnished and indicate in which year the related capex is capitalised in the books of accounts. | (a). Yes. In May 2010. |
| | (b). The existing Scale of Rates already prescribes rate for wharf crane of 10 Tonnes capacity and below at 295 per hour. Clarify whether the rate proposed for 10 Tonnes wharf crane and 6 Tonnes wharf crane in the current proposal is replacement of the existing crane. If so, why the rate need to be revised only on the ground that it is a replacement of the existing equipment. | (b). The cost of wharf crane is very high now at ₹14.28 crores as against ₹0.53 crores earlier in 1997. Hence fresh rate is proposed for non-shipping activity i.e., occasional use considering current technical requirements of new wharf cranes. |
| | (c). Form 4B of the revised cost statements indicates the capex of procurement (replacement) of wharf crane at Berth 1 and 2 in the year 2011-12. Please clarify whether that capex is in addition to the investment made /proposed to be made on wharf crane of 10 T and 6T capacity. | (c). No. not included in the year 2011-12. |
| | (d). The sum of cost of wharf crane as per the working furnished by the VOCPT (Annex XIII) comes to ₹1130.00 lakhs whereas in Form 4B the capex for procurement of wharf crane is estimated at ₹1428 lakhs. The cost statement may be modified to reflect correct position. | (d). ₹14.28 crores is confirmed which includes cost of ₹2.65 crores as for crane rails. |
| | (e). With reference to the another proposal filed by the VOCPT earlier for fixation of hire charge for Harbour Mobile Cranes by the service provider on per shift basis, the Authority had in its Order No.TAMP/22/2007-TPT dated 30 December 2009 categorically stated that the unit of levy for hire of equipment should be on per tonne basis linked to the performance of the crane and not with reference to duration of deployment of the crane. The duration of deployment of the crane for loading / unloading operations may not be much relevant from the user's point of view, The VOCPT may, therefore, consider to propose the rate on per tonne basis for the standard capacity of the crane following the approach followed in the Order cited above. | (e). The rate proposed is only for miscellaneous purpose under scale 5.03 and not for shipping operation which is merged with berth hire. Miscellaneous purposes like lifting ship stores/private handling equipments like Fork Lift Truck & Front End Loader for own use of stevedores. |

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| | (f). The VOCPT in the letter No.A-1/1/COST/D1118 dated 31 August 2010 has proposed to collect the proposed rate on adhoc basis based on the agreement with the users in the meeting held on 9 July 2010. In this context, it is submitted that the proposal of the VOCPT for levy of the proposed rate on adhoc basis is not in compliance with the clause 2.17.1 to 2.17.4. of the tariff guidelines. The rate proposed to be levied on adhoc basis is not for any new service. In fact, the existing Scale of Rates already prescribed rate for similar capacity of wharf crane under Schedule 5.03. The minutes of meeting dated 9 July 2010 forwarded by the VOCPT does not reveal that the users have given consent to the proposed rate. The Authority, therefore, is not in a position to recognise the adhoc rate being introduced as per the guidelines. | (f). The rate is only for miscellaneous purpose under scale 5.03 of Miscellaneous services of SOR considering the cost involved ₹14.28 crores now vis-à-vis existing crane (now survey reported and sold) being more and technically the features are different and of higher productivity, the new rate falls under the clause 2.17.1 to 2.17.4 of Tariff guidelines. |
| | (ii). The increase proposed in Sl.No.9 and 10 on fire fighting services from existing ₹808 per shift for salvage purpose and ₹354 per shift for stand by duties to a uniform rate ₹2000 per shift may be justified with reference to the increase in the lost for offering these services. | Existing rate is very low. Moreover, the employees of Port Fire Service (pay revised) are engaged on O.T. for these purposes. |
| (14). | (i). The Authority has approved hire charge of HMC to be provided by service provider authorised by VOCPT vide Order No.TAMP/22/2007-TPT dated 30 December 2009. The schedule approved may be included in proposed Scale of Rates. | Agreed to. |
| | (ii). The Authority while approving the slabs for performance linked tariff in the said Order had in para 12 (xv) advised VOCPT to formulate a more scientific incentive/ disincentive scheme at time of next tariff review. The VOCPT may adhere to the advice rendered earlier. | As wharf crane for shipping operation is in built in berth hire, performance linked tariff does not arise. For miscellaneous purposes the same is not relevant. |
| (15). | **Schedule – 513. Charges for issue of temporary passes**:<br><br>The basis of the proposed note 4 about issue of temporary pass beyond 24 hours and upto 15 days at ₹50 per permit as against existing temporary pass of ₹12 per permit for 24 hours validity may be explained. | Proposed rate is based on expected increase in the tender rate to issue pass. |
| (16). | The Authority had vide Order No.TAMP/22/2006-TPT dated 14 July 2008 approved the proposal of VOCPT for levy of ₹1.15 per unit of electricity consumed to recover the overhead expenses for supply of electricity from port/ users/ contractors. The proposed Scale of Rates does not include this tariff item. | This is since included under General Revision proposal and separate levy proposal is dispensed with. |
| **IV.** | Copies of the comments received from various users / users organisations on the subject proposal have already been forwarded to the VOCPT for comments. The VOCPT is requested to furnish its comments on the points made by Indian Chamber of Commerce & Industry, Darangdara Chemical Works | In respect of comments of M/s.DCW forwarded by TAMP's letter dated 7.7.2010 no increase is proposed in general. In respect of licence fee for open space increase is based on rate for similar services as in Chennai Port Trust the same increase may be admitted. In respect of comments received from M/s. Indian Chamber of Commerce & Industry the increase |

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| | Limited on which comments of VOCPT are awaited. | in cleaning charges, rent for open space, wharf crane hire charges are inevitable. Increase in charges for fire fighting and temporary passes are based on cost incurred. This is for kind information. |

12.1. The VOCPT has furnished revised consolidated cost statement modifying the computation of ROCE in the light of queries raised by us. Activity-wise cost statement are, however, not suitably modified. The cost position at the proposed tariff excluding the dredging activity as per the revised consolidated cost statement and figures of activity-wise position as per the cost statement filed on 21 August 2010 is tabulated below:

| Particulars | Operating Income at the proposed tariff (₹ in lakhs) | | | Total | Net Surplus/ deficit (₹ in lakhs) | | | Total | Net Surplus/ deficit (as % of operating income) | | | Avg. % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010-11 | 2011-12 | 2012-13 | | 2010-11 | 2011-12 | 2012-13 | | 2010-11 | 2011-12 | 2012-13 | |
| Consolidated cost statement | | | | | | | | | | | | |
| (a). Excluding dredging levy, railways and excluding non-residential estate income | 19616.24 | 20441.21 | 21781.62 | 61839.07 | 872.31 | (-)6795.34 | (-)5780.76 | (-)11703.79 | 4.45% | (-)33.24% | (-)26.54% | (-)18.45% |
| Cargo handling activity | 12787.01 | 13270.47 | 14252.34 | 40309.82 | 5963.93 | 3477.22 | 5624.64 | 15065.7 | 46.64% | 26.20% | 39.46% | 37.43% |
| Vessel related activity (excluding dredging levy) | 6758.03 | 7098.12 | 7455.20 | 21311.35 | (-)4405.57 | (-)9280.95 | (-)10469.65 | (-)24156.17 | (-)65.19% | (-)130.75% | (-)140.43% | (-)112.12% |
| Railway | 447.37 | 441.08 | 463.14 | 1351.59 | (-)495.53 | - | - | (-)495.53 | (-)110.76% | - | - | - |
| Estate | 71.20 | 72.62 | 74.07 | 217.89 | (-)688.61 | (-)784.32 | (-)802.98 | (-)2275.91 | (-)967.15% | (-)1079.97% | (-)1084.04% | (-)1043.72% |

*Note: The sum of figures of the activities do not match with the consolidated position as the activity-wise statements are not updated with reference to modifications done by VOCPT in the consolidated statement.*

12.2. With reference to the queries raised by us on dredging account, the VOCPT has furnished revised working of dredging account. The position brought out by VOCPT as regards to dredging account is:

**(₹ in lakhs)**

| Net Surplus/ Deficit in the Dredging Account | | | | | | |
|---|---|---|---|---|---|---|
| **Sl. No.** | **Particulars** | **Actual** | | **Estimate** | | |
| | | **2008-09** | **2009-10** | **2010-11** | **2011-12** | **2012-13** |
| | **Opening Balance** | 0 | -2150.39 | | 936.95 | 1933.68 |
| I | **INCOME** | | | | | |
| | Dredging Levy | 1,279.25 | 1,104.09 | 1,195.60 | 1,255.38 | 1,318.15 |
| | **Total Income (A)** | **1,279.25** | **1,104.09** | **1,195.60** | **1,255.38** | **1,318.15** |
| II | **EXPENDITURE** | | | | | |
| | Depreciation | 258.65 | 258.65 | 258.65 | 258.65 | 258.65 |
| | Interest on Loan-IDBI | 570.99 | 327.81 | 0.00 | 0.00 | 0.00 |
| | Repayment of loan | 2,600.00 | 7,156.78 | 0.00 | 0.00 | 0.00 |
| | **Total Expenditure (B)** | **3,429.64** | **7,743.24** | **258.65** | **258.65** | **258.65** |
| III | **Surplus/ deficit (A) – (B)** | **-2150.39** | **-6639.15** | **936.95** | **999.73** | **1059.50** |
| IV | **Cumulative Surplus/ deficit** | **-2,150.39** | **-8,789.54 *** | **936.95** | **1,933.68 #** | **2,993.18 #** |

* Cumulative for 2008-09 and 2009-10.
# Cumulative from 2010-11 onwards.

| **Sl. No.** | **Particulars** | **Past period till 2009-10** | **Estimates 2010-11, 2011-12 and 2012-13** | **Total** |
|---|---|---|---|---|
| 1. | Deficit/ Surplus in respect of Dredging Activity | -8789.54 | 2993.18 | -5796.36 |
| 2. | Deficit from Revenue from the year 2007-08 to 2012-13 from statement given below | -552.83 | 0 | -552.83 |
| | **Estimate Net Deficit in the dredging account** | | | -6349.19 |

| Year | Surplus as per TAMP format | Pension fund restricted | Pension fund deficit | Surplus |
|---|---|---|---|---|
| 2007-08 | 3785.18 | 400 | 976 | 5161.18 |
| 2008-09 | 2661.10 | 400 | 976 | 4037.10 |
| 2009-10 | 1930.90 | 400 | 1524 | 3854.90 |
| 2010-11 | 903.03 | 400 | 1524 | 2827.03 |
| 2011-12 | -6767.74 | 400 | 1524 | -4843.74 |
| 2012-13 | -5756.30 | 400 | 1524 | -3832.3 |
| | | Total (2007-08 to 2012-13) | | 7204.17 |
| | | Shortfall of Pension Fund and Gratuity Fund as on 31.3.2010 | | 7757.00 |
| | | | | **-552.83** |

12.3. Apart from furnishing clarification to the queries raised, the VOCPT has made the following submissions:

(i). (a). Calculation of dredging levy on par with the methodology adopted in TAMP Order notified in the Gazette of India dated 29 August 2008 is furnished.

(b). Since the proposal on Lease Rent was sent on 1 July 2007 is under consideration by TAMP, it is excluded in General Revision proposal. The requirement of the Authority regarding capital employed and the process of adopting the relevant items of capital expenditure meant for completion during the tariff cycle is already complied with. The investment in respect of oil spill response equipment, was initially funded from port's resources. Now during May 2010, the same is contributed by M/s.SPIC and M/s.IOC for which the amount of ₹211.00 lakhs has been received from the said companies. Hence, the oil spill response equipments is deleted from Block Asset Register and consequently depreciation is not provided for the financial year 2010-11. Subject to this, Block asset figure is confirmed.

(ii). It is confirmed that Capital dredging project to 12.8 meters at a cost of ₹113.06 crores is planned for funding from the Escrow Fund. The return on capital employed on fund utilised from Escrow Funds is not claimed as per directions of the Authority. The return on capital employed in respect of dredging project to 12.8 meters in respect of funds proposed to be utilised from the general revenue only is claimed.

(iii). The port handles dusty cargo like industrial cargo stored in open space at the reclaimed area inside Green Gate. With the limited space available for storage of cargo, with increasing tonnage of industrial coal (2 millions tonnes), the slow vacation of the cargo from storage area leads to congestion. This affects the storage of incoming cargo. In order to improve the rate of evacuation from the area to pave way for the incoming cargoes, it is proposed the rates of rent for storage of coal in coal plots inside security as below:

Under Chapter 3.3 Licence (storage) fee under clause 2(v) open space (Storage of Coal)

| | | | |
|---|---|---|---|
| (a). | For the cargo lying upto 7 weeks | - | Normal rental (₹2 per week or part thereof) |
| (b). | For the cargo lying for 8$^{th}$ & 9$^{th}$ weeks | - | 2 times of normal rental |
| (c). | For the cargo lying for 10$^{th}$ to 13$^{th}$ weeks | - | 3 times of normal rental |
| (d). | For the cargo lying thereafter | - | 5 times of normal rental |

(iv). There is increasing demand for film shooting in the port area. The current rate is very low. In order to restrict usage of port area for film shooting frequently, it is proposed to increase the rate to ₹10,000/- per day from ₹4248/- per day. This is not a cost based rate and is intended to be a rate for restrictive usage of port area for other purposes.

(v). In respect of the exchange rate with respect to US dollar, the rate adopted is ₹47.16 per US dollar and current rate is ₹45.32 on 19 November 2010 and the rate is oscillating since April 2010. Therefore at the time of joint hearing, the revised calculation as required will be furnished to the Authority with reference to then prevailing rate.

(vi). The administration report for 2008-09 and 2009-10 are furnished along with Revised Estimate 2010-11 and Budget Estimate 2011-12.

(vii). The average deficit amount works out to ₹540.64 lakhs/ year and representing -0.73% (as against -0.79% as per the working sent vide letter dated 16 July 2010) on a simple average after considering all the above factors without including non-residential activity. Hence, it is requested to retain our earlier submission of no revision except revision of storage charges as proposed and minor charges are submitted herewith.

(viii). The Authority's direction to consider the proposal on dredging levy on par with approach adopted in 2008 revision has been complied with. The net deficit after adjusting the shortfall in pension fund and gratuity fund and deficit in dredging activity for the full tariff cycle upto 2012-13 works out to ₹6349.19 lakhs. Therefore on the same lines adopted in para 11(xv)(g) of TAMP Order notified dated 29 August 2008, this may be allowed to be covered in next tariff revision.

13.1. A joint hearing in this case was held on 29 March 2011 at the V.O. Chidambaranar Port Trust (VOCPT) premises. The VOCPT made a powerpoint presentation of its proposal. The highlights of the proposal mentioned in the powerpoint presentation are summarised below:

(i). To retain existing Scale of Rates subject to modifications listed below:

(a). Withdrawal of Deemed Shifting charges and cleaning charges.

(b). Rationalisation of shifting charges into 2 slabs viz., @ 25% of pilotage charges for shifting between berths within SBW/ NBW and at 50% of pilotage charges for shifting between berths of SBW and NBW and vice versa.

(c). Increase in storage charges in comparison to nearby ports.

| **License Fee - Open Space** | **Present (₹/ Sqm)** | **Proposed (₹/ Sqm)** |
|---|---|---|
| Outside Security wall - Per month - part | 6.40 | 16.00 |
| Within Security wall - Per month - part | 8.00 | 32.00 |

(d). Cleaning charges revised at ₹5/- per tonne.

(e). New rates for 6-T and 10-T wharf crane (Hook) newly installed for miscellaneous operations other than loading/ unloading of cargo.

(f). Increase in dredging levy from 30% to 33%.

(g). Tariff for over stocking of Industrial Coal inside the security wall at open space area to avoid non-availability of sufficient storage is proposed as mentioned in para 12.3. (iii) above.

13.2. At the joint hearing, VOCPT and the concerned users/ organisation bodies have made their submissions.

14.1. As decided at the joint hearing, the VOCPT was advised to initiate action on the following points by 15 April 2011:

(i). Furnish actuals for FY 2010-11 and update the estimates for the next two years 2011-12 and 2012-13. If VOCPT desires to take advantage of full 3 year tariff cycle, estimates for 2013-14 may also be furnished.

(ii). The cost statement furnished by the VOCPT does not show the estimated position at the existing tariff but reflects the estimates at the proposed tariff. The cost statements may be modified to reflect the estimates position at existing tariff. Revenue impact of each of the proposed modifications may be furnished separately.

(iii). The cost statement relating to the estate activity does not reflect the complete position. The VOCPT has excluded income and expenditure relating to allotment of land for non-residential purpose. Cost statement should be redrawn accordingly for the past period as well as future projections.

(iv). Explain the Pension/ Gratuity Fund position as on 31 March 2011 along with actuarial valuation.

(v). Present status of each of the ongoing as well as proposed capital projects with the expected date of completion may be furnished.

14.2. With reference to the points discussed at the joint hearing, the VOCPT vide letters dated 27 May 2011 has furnished the additional information/ clarifications alongwith revised cost statements. The main points clarified by VOCPT as summarised below:

(i). The revised statement incorporating the actual for 2010-11 takes into consideration the revised phasing of capital expenditure with respect to current status of the project along with the revised Escrow Fund utilization for capital dredging project is furnished.

(ii). The VOCPT has furnished consolidated cost statement updating the actuals for the year 2010-11 at the existing tariff and at proposed tariff. It has submitted that VOCPT is in the process of implementing the NCB-II (Work has already been awarded through the PPP mode). It is also in the process of initiating tender for NCB III & IV on PPP mode with the issue of Dredging before NCB III & IV to be incurred by the port. The exact finance implication and the related income and expenditure could not be projected now. In any case these are relevant to workout the feasibility for 2013-14. It is requested that the Authority may consider revision of period upto the period governed tariff cycle viz., 2012-13 only.

(iii). The cost statement at the existing tariff has been furnished and the revenue impact of each of the proposed modifications is furnished separately. The revenue impact of the proposed modifications estimated by VOCPT is summarised below:

| **Net increase in earnings due to changes of the following rates** | | | | |
|---|---|---|---|---|
| **Sl. No.** | **Particulars** | **Existing Rate/ Income** | **Proposed Rate/ Income** | **Increased in Income** |
| 1. | <u>Zone A – Open Space</u><br>License (Storage) Fee | | | |
| | Outside the Security wall of the port TPT | ₹6.40/ sq. mtr./ month | ₹16/ sq. mtr./ month (₹6.40 x 2.5 times) | |
| | Inside the Security wall of the port TPT | ₹8.00/ sq. mtr./ month | ₹32/ sq. mtr./ month (₹8 x 4 times) | |
| | Income from Rent Open Space | ₹100 lakhs | ₹325.00 lakhs | ₹225.00 lakhs |
| | <u>Zone - B</u> | 50% of ₹155/10 sq. mtr./ week of Zone A | 100% of Zone-A Rates | |

| | | | | |
|---|---|---|---|---|
| | Income from Rent covered space<br><br>Rent Open Space | ₹27.00 lakhs<br><br>₹27.00 lakhs | ₹54.00 lakhs<br><br>₹216.00 lakhs | ₹27.00 lakhs<br><br>₹189.00 lakhs |
| 2. | Cleaning charges | ₹1.00 per MT | ₹5.00 per MT | ₹244.64 lakhs |
| | TOTAL (Cargo handling charges) | | | **₹685.64 lakhs** |
| | Less: Deemed Shifting Charges (Vessel Related charges) | | | ₹43.58 lakhs |
| | **GRAND TOTAL** | | | **₹642.06 lakhs** |

(iv). In view of separate proposal submitted for revision of lease rent charges, the proposal excludes lease rent income and related expenditure from non-residential category in the cost statement for all the years.

(v). The actuarial valuation report of gratuity and pension by the LIC as on 31.3.2011 is furnished by the VOCPT. As per the report furnished, the actuarial valuation estimated is as follows:

| | | (**₹ in crores**) |
|---|---|---|
| Pension liability | For existing employees | 124.24 |
| Pension liability | For Pensioners | 168.95 |
| Gratuity liability | | 47.28 |

(vi). The present status of the capital project is furnished as summarised below:

| **Name of Scheme** | **Financial implication for the financial year** | | | **Date of completion** |
|---|---|---|---|---|
| | **2010-11** | **2011-12** | **2012-13** | |
| Dredging the Dock basin and Channel to cater 12.80m draught vessel | | 253.02 | | 10/11 |
| Procurement of equipment – Replacement of wharf crane in Berth no.1 and 2 | 12.02 | | | |
| Strengthening of construction road fro voc statue to Blue gate | 0.17 | | | |
| Usage of information technology for the operation of management of port | 0.15 | | | |
| Upgradation of Port Electrical System | 0.06 | 5.14 | 10.00 | 3/12, 3/13 |
| Conversion of HT/ LT overhead lines | | 3.81 | 4.00 | 3/12, 3/13 |
| Strengthening of railway line to marshalling yard and to hare island | | 1.50 | | 3/12 |
| Auxiliary facilities | | 20.00 | | 3/12 |
| Floating Craft | | | 60.00 | 3/13 |
| Construction of Berth No.9 and dredging in front | 78.84 | | | |
| 3MVA Captive Power Plant | | | 10.00 | 3/13 |
| Providing water sprinkler rain gun at coal stack yard | | 2.80 | | 3/12 |
| Providing electrification in coal stack yard | | 0.49 | | 3/12 |
| Providing power supply arrangement to Sprinkler system | 0.05 | | | |
| Extending the Chain link fencing from chainage 1500m to wharf entrance inside Green Gate | 0.14 | | | |
| Procurement of Pilot Launch | 2.89 | | | |
| Total | 94.32 | 286.76 | 84.00 | |

(vii). The proposed utilization of Escrow Fund to meet the capex is given below:

(₹ in crores)

| Escrow Fund-Revised on 14.5.2011 | 2010-11 | 2011-12 | Total |
|---|---|---|---|
| Dredging the Dock basin and Channel to cater 12.80m draught vessel | | | |
| (a). 9th berth | 44.39 | | 44.39 |
| (b). Remaining | 135.65 | 357.96 | 493.61 |
| **Total** | **180.04** | **357.96** | **538.00** |
| Less: 35% grant | | 125.29 | 125.29 |
| Balance | | | 412.71 |
| Less: Escrow fund-utilisation (2009-10 taken with 2010-11) | 159.69 | | 159.69 |
| Net value | | | 253.02 |

(viii). It has further submitted the changes on account of incorporating of actuals for 2010-11 and revised phasing of apex as given below:

(A) (₹ in crores)

| Sl. No. | Description | Changes made with respect to actuals 2010-11 | Position vide letter dated 8.12.2010 | Major Reason for change |
|---|---|---|---|---|
| 1. | Capital employed: | | | |
| | 2010-11 | 386.59 | 427.51 | Captive Power Plant Project shifted from 2010-11 to 2012-13 |
| | 2011-12 | 680.65 | 817.84 | Due to increase in Escrow Fund Utilisation for Capital Dredging |
| | 2012-13 | 751.02 | 790.23 | Due to shifting of Procurement of Floating Craft from 2011-12 to 2012-13 |
| 2. | Utilisation of Escrow fund for capital dredging project | | | |
| | (a). Dredging the capital expenditure IX berth dredging | 44.39 | 60.58 | |
| | (b). Other dredging | 493.61 | 534.93 | |
| | (c). Total (a+b) | 538.00 | 595.91 | |
| | (d). Less 35% grant | 125.29 | 187.23 | |
| | (e). Balance | 412.71 | 408.28 | |
| | (f). Less: Escrow Fund Utilisation | 159.69 | 113.06 | |
| | (g). Net considered for capital employed | 253.02 | 295.22 | |

(B) (₹ in crores)

| Sl. No. | Description | 2010-11 | 2011-12 | 2012-13 | Reason for change |
|---|---|---|---|---|---|
| 1. | Deficit in dredging reserve upto 2010-11 | -78.00 (-78.53) | 9.96 (9.97) | 20.56 (20.56) | Actuarial Valuation as on 31.3.2011 is considered valuation of Pension Fund ₹293.18 crores as against previously considered figure ₹258.06 crores as on 31.3.2010. |
| 2. | Surplus with revised pension fund liability as on 31.3.2010 upto 2010-11 and thereafter | 163.87 (158.80) | -15.70 (-48.44) | -14.54 (-35.32) | |
| 3. | (i). Surplus as per cost statement in TAMP format. | 3.52% - ₹3.46 crores (-0.73% - ₹5.40 crores) | | | |
| | (ii). Net deficit after adjusting balance revised Pension fund liability | ₹ -31.93 crores (₹ -63.49 crores) | | | |

Note: Previous figures vide letter dated 8 December 2010 are given in bracket.

From the above, it is submitted that the surplus percentage works out to 3.52% and is ₹3.46 crores on an average for six years. However, when the Pension Fund deficit and deficit in Capital Dredging Reserve Account is taken into account as adopted in 2008 Order, the net deficit works out to ₹31.93 crores as for six years. In the light of the above position, it is requested that the Authority may consider the Port's proposal for no change in the existing Scale of Rates including Dredging Levy except proposal for increasing storage charges and deleting the provision of deemed shifting charges.

15.1. Subsequently, the VOCPT vide its letter dated 4 July 2011 has revised cost statement for principal activities and the consolidated cost statement (excluding dredging railway activities). A summary of the cost position as per the revised cost statement filed by VOCPT is tabulated below:

| Sl. No. | Particulars | Operating Income (₹ in lakhs) | | | | Net Surplus (+)/ Deficit (-) (₹ in lakhs) | | | | Net Surplus (+)/ Deficit (-) as a % of operating income | | | Average Surplus/ Deficit % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2010-11 (Actuals) | 2011-12 (Estimates) | 2012-13 (Estimates) | Total for 2011-12 & 2012-13 | 2010-11 (Actuals) | 2011-12 (Estimates) | 2012-13 (Estimates) | Total for 2011-12 & 2012-13 | 2010-11 (Actuals) | 2011-12 (Estimates) | 2012-13 (Estimates) | |
| 1. | Port as a whole | 19356.45 | 19405.61 | 20723.81 | 40129.42 | 1138.30 | (-)4462.65 | (-)5066.96 | (-)9529.61 | 5.88% | (-)23.00% | (-)24.45% | (-)23.72% |
| 2. | Cargo handling & storage activity | 12594.76 | 12356.36 | 13326.82 | 25683.18 | 6061.64 | 3861.18 | 5673.43 | 9534.61 | 48.13% | 31.25% | 42.57% | 36.91% |
| 3. | Port & Dock Activity | 6669.13 | 6959.01 | 7309.14 | 14268.15 | (-)4277.57 | (-)7580.23 | (-)9841.81 | (-)17422.04 | (-)64.14% | (-)108.93% | (-)134.65% | (-)121.79% |
| 4. | Estate rental activity | 92.56 | 90.24 | 87.85 | 178.09 | (-)645.76 | (-)743.60 | (-)898.57 | (-)1642.17 | (-)697.67% | (-)824.02% | (-)1022.85% | (-)923.43% |

15.2. The VOCPT has also furnished the details relating to provision made towards wage revision arrears in the each of the years 2007-08 to 2009-10 and the arrears paid in the March 2010. The port has also indicated the shortfall in the pension fund which is brought out subsequently and hence not reiterated here.

15.3. Subsequently, the VOCPT vide its letters dated 18 July 2011, 10 August 2011 and 18 August 2011 has furnished further clarification on the following points:

(i). The incentive amount earlier indicate vide its letter dated 08.12.2010 may be corrected as ₹13.15 lakhs (2008-09) and ₹188.90 lakhs (2009-10).

(ii). The revised dry dock expenditure for the years 2009-10 to 2011-12 furnished below:

(**₹ in crores**)

| Description | 2009-10 (Actuals) | 2010-11 (Actuals) | 2011-12 (Estimates) |
|---|---|---|---|
| Dry docking of Marine crafts | 6.41 | 2.65 | 7.00 |

The above phasing of dry dock expenditure in 2011-12 is due to shifting of expenditure not incurred in 2010-11. This has resulted in increase in port and dock related expenditure in the year 2011-12 over 2010-11 actuals. Also, this is the major reason for increase in operating expenditure in 2011-12 vis-à-vis 2010-11 apart from normal increase adopted.

(iii). It has furnished the break up of the traffic i.e. container cargo and other than container cargo as given below:

(**in Lakh Tonnes**)

| Year | Container cargoes | Other than container | Total |
|---|---|---|---|
| 2007-08 | 56.30 | 158.50 | 214.80 |
| 2008-09 | 54.82 | 165.29 | 220.11 |
| 2009-10 | 65.99 | 171.88 | 237.87 |
| 2010-11 | 81.69 | 175.58 | 257.27 |
| 2011-12 | 64.67 | 184.36 | 249.03 |
| 2012-13 | 85.83 | 193.58 | 279.41 |

(iv). (a). The VOCPT has furnished revised cost statement modifying the Finance and Miscellaneous Income (FMI) and Finance and Miscellaneous Expenditure (FME) figures. It has excluded the FMI and FME relating to funds other than Pension Fund / Gratuity Fund i.e. General Insurance Fund, Family Welfare Fund etc. for the two years viz., 2009-10 and 2010-11.

(b). It has further stated that the Finance and Miscellaneous Income for the year 2010-11 includes ₹12.67 crores received as penalties. Of this, ₹12.47 crores represent penalties from TNEB, NTPL, SEPC. Since this is non-recurring income items, the same may not be considered in future estimates. Likewise, ₹0.42 crores (other income) representing Tsunami Relief Grant received for the expenditure incurred in previous years is also a non-recurring income item.

(c). In the Finance and Miscellaneous Expenditure, the VOCPT has stated that a provision of ₹570.98 lakhs is made towards the liability for unutilized earned leave for the past period. This flows from audit requirement of Annual Accounts for the year 2009-10. This expenditure will not recur in 2011-12 and 2012-13. *[The VOCPT has, however, not made necessary adjustment / modification in the cost statement with reference to item (b) and (c)].*

(v). (a). With reference to our query that the Gross block figures do not tally with Annual Accounts, it has clarified that even during the earlier tariff revision of July 2008, it is recorded in para 5.1, Sl.No.11(vi) (b) of the Order that the Net Block as on 31.3.2005 is adopted as the Gross block for computation of depreciation as per the Companies Act. Hence the Gross Block reported in the Annual Accounts 2010-11 will not tally with Gross Block furnished in the cost statement for fixation of tariff.

(b). It has furnished the revised competition of capital employed (Form 4A) after making corrections in the depreciation on capital dredging of channel to 12.8 mtrs. Consequently, net block and capital employed also stands modified. The VOCPT has also furnished classification of capital employed into business / business related assets for each of the principal activities. (The VOCPT has, however, not furnished modified cost statements considering the effect of modifications done in the capital employed).

(vi). The Authority in the Order passed in July 2008 had assessed the shortfall in Pension Fund and Gratuity Fund at ₹81.92 crores based on actuarial valuation of these funds as on 31 March 2007. The Authority directed to meet this shortfall from the surplus assessed for the past period from 2002-03 to 2007-08. A statement showing the Pension / Gratuity Fund position annually for the years 2007-08 till 2010-11 is given below:

**Status of Pension Fund of VOCPT**:

(**₹ in crores**)

| Sl. No. | Description | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|
| 1. | Requirement as per Actuarial Valuation | 183.61 | 207.31 | 258.06 | 293.18 |
| 2. | Actual balance as per balance sheet | 134.81 | 159.08 | 181.84 | 202.84 |
| 3. | Shortfall (1-2) | 48.80 | 48.23 | 76.22 | 90.34 |

**Status of Gratuity Fund of VOCPT**:

(**₹ in crores**)

| **Sl. No.** | **Description** | **2007-08** | **2008-09** | **2009-10** | **2010-11** |
|---|---|---|---|---|---|
| 1. | Requirement as per Actuarial Valuation | 21.32 | 21.73 | 23.93 | 40.61 |
| 2. | Actual balance as per balance sheet | 14.30 | 18.34 | 22.58 | 22.77 |
| 3. | Shortfall (1-2) | 7.02 | 3.39 | 1.35 | 17.84 |

(vii). (a). It has furnished the break up of its earning from foreign going vessel and coastal vessel for the year 2010-11 as given below:

(**₹ in lakhs**)

| **Sl. No.** | **Description** | **Basic charges** | **Dredging levy** | **Total** |
|---|---|---|---|---|
| 1. | Foreign Vessels | 5410.73 | 976.87 | 6387.60 |
| 2. | Coastal Vessels | 1258.42 | 271.11 | 1529.53 |
| 3. | Total | 6669.15 | 1247.98 | 7917.13 |

(b). The earning from foreign vessel for the year 2010-11 are with respect to an average exchange rate of 1 US $ = ₹45.14 based on the opening monthly average TT buying rate adopted for collection of US dollar denominated tariff at our Port.

(viii). The VOCPT has also furnished revised calculation of capital dredging updating it with 2010-11 actuals. In the revised statement, the VOCPT has added the incentive allowed in the dredging levy to the tune of ₹263.50 lakhs, ₹306.76 lakhs in the year 2008-10 to 2010-11 to the actual revenue reported in the Annual Accounts of the respective years. Based on the revised workings for the years 2007-08 to 2010-11 based on actuals and estimate for the years 2011-12 and 2012-13, the total dredging cost to be recovered is ₹8048.64 lakhs over the total vessel related income to be recovered from berths other than container berths at ₹24,090.05 lakhs and accordingly the dredging levy percentage is worked out ₹33.41%.

(ix). Incentive allowed in wharfage charge of industrial coal and pet coke for 2010-11 is ₹185.83 lakhs.

(x). The VOCPT has also faxed the Ministry of Shipping letter No.PD-11015/3/2004-TPT dated 20 June 2008 sanctioning the project of Deepening the Channel and Basin at an estimated cost on ₹538 crores. The sanction letter of the Government also states that 35% of the project cost i.e. ₹188.30 crores will be given by the Government of India as Government Budgetary Support by way of grant.

(xi). The port has stated that the expected date of completion for the major investment proposed in the years 2011-12 and 2012-13 furnished earlier may be corrected as per the revised position given by them. (Accordingly, the table given in para 14.2. (vi) and (vii) above is suitably corrected.)

16. 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.

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

(i). The initial proposal dated 18 March 2010 filed by the V.O. Chidambaranar Port Trust (VOCPT) has been recast by the port a couple of times as detailed in the earlier part of the Order. Most of the users/ user associations had objected to the proposed increase in the special rate for capital dredging from existing 30% to

53% and requested to either reduce the existing rate of levy or atleast maintain it at the existing level. At the joint hearing, based on the revised calculation the VOCPT has proposed the special rate for the capital dredging at 33% on vessels availing deep draft berths. Subsequently, vide its letter dated 27 May 2011, the VOCPT has considered the demand made by users/ user associations and proposed to maintain status quo in the existing Scale of Rates including the special rate for capital dredging except for the increase proposed in the storage charge, deleting the provision relating to deemed shifting charges, proposal to levy separate crane hire charges for deployment of additional crane, increase proposed in cleaning charges, etc., as proposed in its original proposal. The revised proposal filed by the VOCPT vide its letter dated 27 May 2011, the revised cost statements filed vide its letter 18 July 2011 and the revised capital employed calculation furnished vide its letter dated 10 August 2011 along with submissions made by the port during the processing of the case are considered in this analysis.

(ii). (a). Clause 2.1. 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.

(b). The existing Scale of Rates of VOCPT was approved in July 2008 based on the estimated position for the years 2008-09 and 2009-10. In the last revision, the cost position for the year 2007-08 which formed part of the past period analysis was assessed based on the estimated level as actuals were not made available at that point of time. Hence while reviewing the actual performance for the period 2008-09 and 2009-10, the cost position for the year 2007-08 is also examined to assess the position based on actuals vis-à-vis the estimates relied upon in the last Order.

(c). The same approach which was followed to analyse the estimated position in the last tariff Order is adopted to analyse the actuals for the years 2007-08 to 2009-10. During the last tariff revision, the 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 for the past period is explained below:

➢ The income from dredging levy, depreciation on the concerned capital dredging and interest on loan taken to finance the said dredging project reported in the relevant Annual Accounts are excluded from the port and dock income/ expenditure and finance and miscellaneous expenditure for a like to like comparison with the estimates considered in the last tariff Order.

➢ The VOCPT has excluded the income, expense and capital employed relating to land for non-residential purpose on the pretext that this activity is part of its another proposal filed for revision of estate rental of port lands. Since the estimates considered in last tariff Order did not exclude the effect of non-residential activity, the same position is maintained while analyzing the actuals.

➢ The wharfage rate for industrial coal and pet coke is prescribed at ₹27 and ₹30 per tonne respectively in the existing Scale of Rates of the VOCPT. The port has reported that concessional wharfage rate of ₹20.25/ ₹22.50 per tonne was levied by the port in the year 2008-09 (for two months) and 2009-10. The impact of the concession in the wharfage rate granted by the VOCPT is reported to be ₹13.15 lakhs in the year 2008-09 and ₹188.90 lakhs in the year 2009-10 and ₹185.83 lakhs in the year 2010-11. The VOCPT has reported that incentive was also allowed in the special rate for dredging levy and its impact is ₹263.50 lakhs in the year 2009-10 and ₹206.76 lakhs in the year 2010-11.

The revenue reported in the Annual Accounts is net of the concession granted. For the purpose of analysis of the past period, revenue realisable as per the approved tariff can only be considered and, therefore, revenue effect of the concessions granted by the VOCPT at its discretion is not considered. The financial impact of concession/ incentives is added to the actual revenue reported in the respective years.

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

- It is seen from the Annual Accounts that from the year 2008-09, the FMI and FME shows a separate entry relating to income and expense from fund other than the pension fund, gratuity fund, etc., i.e. pertaining to Family Security Fund, General Insurance Fund, Welfare Fund. It is relevant to state that in the last tariff revision, the VOCPT had not estimated any income from these funds in the cost statement. It is understood that these items of income/ expense relating to specific funds were not reported in the revenue account earlier but directly reflected in the respective fund account. The VOCPT has excluded the income and expense relating to these specific funds. 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.

- The Annual Accounts of the VOCPT reports both the Contribution to Pension Fund as well as the Pension Payments under the head FME. The VOCPT has, however, for the purpose of tariff computation restricted the pension contribution to ₹400 lakhs per annum for each of the years from 2007-08 to 2012-13 stating that it is an approximate amount computed @ 15% of annual salaries and wages (Basic pay + D.A.) to meet annual pension fund liability and 8.33% towards gratuity for each year. This is in line with the approach followed in the last tariff Order.

- Of the total the royalty income reported in the 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/ outflow of royalty receipts and its deployment to meet the capital expenditure is explained in the subsequent paragraph.

- 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 2007-08 to 2009-10 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 2007-08 to 2009-10.

- 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. 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. Consequently, the net fixed assets are also suitably modified by the VOCPT. The VOCPT has stated that net fixed asset value based on depreciation as per Companies Act is separately maintained by the port. The depreciation and net fixed assets 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 the line with the approach followed in the last tariff Order. The VOCPT has classified capital employed excluding the dredging activity into business assets and business related assets for the years 2007-08 to 2009-10. These are suitably modified to the extent the capital employed is modified.

(iii). The designed capacity of the port furnished by VOCPT is 207.5 lakh tonnes, 228.10 lakh tonnes, 228.10 lakhs tones and 234.10 lakhs tonnes each for the year 2007-08 to 2010-11. This includes the capacity of berth operated by PSA SICAL Terminals Limited (PSA SICAL). Taking into account the overall traffic handled at VOCPT during the said years, the capacity utilization with reference to the total designed capacity of the port works out to above 90% in each of these years. Since the capacity utilization is more than 60%, the Return on Capital employed is calculated @ 16% on the business assets and 7.4% on business related assets as allowed at the level in the last tariff Order for the years 2007-08 to 2009-10. For the year 2010-11, 16% return on business assets and 8.4% for business related assets is allowed.

(iv). (a). A summary of the comparison of the aggregate of the estimates considered in the last tariff Order vis-à-vis the estimates for the year 2008-09 and 2009-10 is tabulated below. The actual position with reference to 2007-08 vis-à-vis the estimates which formed part of the past period surplus in the last Order of the VOCPT is shown separately in the table hereunder:

| Particulars | 2007-08 estimates (which formed part of the past period in the last Order vis-à-vis the actuals (₹ in lakhs) | | | Aggregate for the years 2008-09 to 2009-10 (₹ in lakhs) | | | |
|---|---|---|---|---|---|---|---|
| | Estimates as per tariff Order | Actuals | Variation in absolute terms | Estimates as per tariff Order | Actuals | Variation in absolute terms | Variation in % |
| Traffic (in lakh tonnes) | 203.85 | 214.80 | 10.95 | 491.64 | 457.98 | -33.66 | -6.8% |
| Operating Income | 16364 | 15989 | -375 | *38903.40 | 36866.84 | -2036.56 | -5.2% |
| Total Expenses (including depreciation) | 7556 | 6728 | -828 | 17341.15 | 19323.25 | 1982.10 | 11.4% |
| Surplus before Return (Average) | 8808 | 9261 | 453 | 21562.25 | 17543.59 | -4018.66 | -18.6% |
| Capital Employed (Average) | 25980 | 21272 | -4708 | 40298.26 | 22734.32 | -17563.94 | -43.6% |
| Return on Capital Employed | 4064 | 3335 | -729 | 12691.37 | 7129.87 | -5561.5 | -43.6% |
| Net Surplus after ROCE | 4743.87 | 5925.66 | 1182 | 8870.90 | 10413.72 | 1542.82 | 17.4% |

* *The estimates of operating income are updated to reflect the reduction in revenue due to reduction effected in the last tariff Order in the vessel related charges, reduction in the wharfage rate for industrial coal, change in the levy of way leave charges approved in the last tariff revision Order.*

(b). In the last tariff review, the surplus for the (then) previous years i.e. 2002-03 to 2007-08 was assessed at ₹158.58 crores which was based on the actual position reported for the years 2002-03 till 2006-07 and estimated position for the year 2007-08. When the actuals for the year 2007-08 are compared with the estimates considered in the last Order, it is observed that the actual traffic handled by the VOCPT for the year 2007-08 is 5.4% more than the estimates and the actual income is 2.3% lower than the estimated income. The expenditure shows a drop of 11%. The capital employed at actuals shows a drop of 18%. Overall review of 2007-08 based on actuals show a surplus of ₹5925.66 lakhs as against surplus of ₹4743.87 lakhs assessed in the last tariff revision. After updating the 2007-08 with actual, the overall past surplus for the period 2002-03 to 2007-08 would be ₹170.40 crores as against ₹158.58 crores assessed in the last tariff Order.

During the last tariff revision, out of the total revenue surplus of ₹158.58 crores assessed for the years 2002-03 to 2007-08, this Authority had ordered to transfer ₹81.92 crores to augment the shortfall in Pension Fund balance assessed at that time as on 31 March 2007 based on the actuarial valuation and the remaining surplus of ₹76.66 crores was ordered to partly offset the deficit in the dredging activity for the past period. As against the above position, the actual surplus assessed for the corresponding period is ₹170.40 crores. The port has not reportedly transferred ₹81.92 crores to the Pension Fund as envisaged in the last Order. In our analysis, ₹81.92 crores is treated as transferred to the Pension Fund in the year 2008-09. The balance revenue surplus available is ₹88.48 crores is considered to meet the deficit in the dredging activity for the years 2004-05 to 2007-08 in line with the decision followed in the last tariff Order. The dredging activity and the Pension Fund are analysed separately in the subsequent part of this Order.

(c). The net surplus before return earned by the VOCPT is ₹8540.21 lakhs, and ₹9003.38 lakhs aggregating to ₹17543.59 lakhs for the years 2008-09 and 2009-10. The average of the actual surplus is seen to be ₹8771.79 lakhs. If the average actual surplus is seen as a percentage of average actual capital employed of ₹22734.32 lakhs for the said two years, it works out to 38.58%. The above details are given in the following table:

**(₹ in lakhs)**

| **Particulars** | **2008-09** | **2009-10** | **Average** |
|---|---|---|---|
| Actual Surplus before Return earned by VOCPT | 8540.21 | 9003.38 | 8771.79 |
| Actual Capital Employed | 22018.32 | 23449.82 | 22734.32 |
| Actual Return earned on capital employed | 38.79% | 38.39% | 38.58% |

The actual return achieved by the VOCPT during the said two years is 38.58% as against the permissible level of 16% and hence there is a case of adjustment of surplus earned in this period.

During the last tariff revision, this Authority had assessed total revenue surplus of ₹9863.79 lakhs for the years 2008-09 and 2009-10 excluding dredging and railway. The net revenue surplus excluding the estate activity was assessed at ₹9505.27 lakhs for the said two years. After considering effect of the reduction granted in the vessel related tariff, reduction effected in wharfage charge of industrial coal and change in the levy of way leave charges estimated at ₹992.89 lakhs for the two years, the remaining surplus of ₹8512.38 lakhs was allowed to meet the deficit reflected in the capital dredging activity. As against the above position, the actual surplus assessed for the corresponding period is ₹10413.72 lakhs and excluding estate activity it is ₹10034.84 lakhs.

(v). The validity of the existing Scale of Rates of VOCPT has been extended beyond 31 March 2010, 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 2010 will be set-off fully, in the tariff to be fixed for the next cycle. The cost statement for the year 2010-11 is prepared following the approach explained in the preceding paragraph for the past period. While analysing the actuals for the year 2010-11 it is observed that the items relating to previous year under the head FME shows a sudden increase from ₹2.52 lakhs reported in the previous year to ₹581.70 lakhs in the year 2010-11. The VOCPT has clarified that the increase in the expense under this head is because of provision made towards leave encashment relating to the past period to the tune of ₹570.98 lakhs to settle the audit query in this regard. Since the provision made towards leave encashment in the year 2010-11 is reportedly for the past period and the VOCPT has confirmed it will not recur in the next tariff cycle and, therefore, not considered in the estimates for future years 2011-12 and 2012-13. Though, this expenditure is excluded in the analysis of actual position for the year 2010-11, it is adjusted separately from the surplus assessed for the year 2010-11 before applying the surplus towards dredging deficit.

As per the cost statement, the VOCPT has earned an additional surplus to the tune of ₹5370.99 lakhs over and above the admissible cost and permissible return, during the year 2010-11 excluding the capital dredging and the railways activities. After adjusting the contribution of ₹570.98 lakhs made by the VOCPT in the year 2010-11 towards leave encashment, the balance revenue surplus is ₹4800.01 lakhs. The sum of actual surplus assessed for the past period 2008-09 and 2009-10 along with the surplus assessed for 2010-11 is ₹14834.86 lakhs of which ₹2544.85 lakhs is transferred to the Pension/ Gratuity Fund to meet the shortfall in the fund position as per the actuarial valuation and the remaining revenue surplus of ₹12290.01 lakhs is applied to meet the deficit in capital dredging activity in line with the decision followed in the last tariff Order.

(vi). In the last tariff Order, the Pension Fund position was assessed based on the actuarial valuation as on 31 March 2007. The port has furnished the actuarial valuation of Pension Fund as on 31 March 2011. As stated earlier, this Authority in the last tariff revision Order had ordered transfer of ₹81.92 crores to augment the Pension fund from the surplus assessed for the past 2002-03 period upto 2007-08. Neither the proposal of the VOCPT nor the Annual Accounts of the port shows that the port has transferred the said revenue surplus of ₹81.92 crores to the pension fund. Despite specific request, the port has not confirmed compliance of the direction of this Authority in this regard. The Pension and gratuity fund balance reported in the Administration Report of the port is re-drawn after giving the effect of this Authority's decision in the last Order i.e. transfer of ₹81.92 crores in the year 2008-09 to augment pension fund. For the subsequent years, interest @ 8% on the said amount is also considered.

The VOCPT has reported that it meets the pension payment from the revenue account citing that the pension fund balance is not sufficient to meet the payments. This item was not considered as an expense in the past period as per the last Order and the same position is maintained while analyzing the actual surplus for the past period till 2010-11. That being so, while drawing the Pension/ Gratuity Fund position, the annual pension payments made by the VOCPT which are not allowed as expense in the cost statement prepared for the past period are taken as met from the Pension Fund.

The VOCPT has furnished the actuarial valuation of the Pension/ Gratuity Fund at the end as on the end of each of the financial years 2007-08 to 2010-11 which is relied upon in this analysis to arrive at the short fall/ surplus in the fund. Subject to above adjustment, the pension/ gratuity fund position is tabulated below:

(**₹ in crores**)

| Sl. No. | Particulars | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|
| 1. | Opening balance in the Pension/ Gratuity Fund | 123.79 | 149.11 | 177.41 | 204.41 |
| 2. | Contribution made to the Pension/ Gratuity Fund | 15.33 | 16.00 | 15.05 | 19.00 |
| 3. | Interest and other income earned | 9.98 | 12.30 | 11.94 | 7.19 |
| 4. | Closing balance in the Pension/ Gratuity Fund (1+2+3) | **149.11** | **177.41** | **204.41** | **230.61** |
| 5. | Less: Pension payments made from revenue account but not allowed by TAMP in cost statement and hence shown as deduction from the fund | 10.34 | 12.61 | 15.78 | 17.81 |

| | | | | | |
|---|---|---|---|---|---|
| 6. | Add: Amount of ₹81.92 crores transferred to the Pension Fund in 2008-09 as per the direction in the last tariff Order of July 2008. From 2009-10 interest @ 8% also computed on this amount. | 0 | 81.92 | 88.47 | 95.55 |
| 7. | Pension/ Gratuity Fund after the adjustment at 5 and 6 above (4-5+6) | 138.76 | 246.72 | 277.09 | 308.34 |
| 8. | Pension Fund/ Gratuity Fund as per actuarial valuation | 204.93 | 229.04 | 281.99 | 333.79 |
| 9. | Shortfall/ excess in the Pension/ Gratuity Fund (7-8) | -66.17 | 17.68 | -4.90 | -25.45 |

The deficit at the end of the year 2010-11 can be met from the past period surplus assessed for the years 2007-08 to 2010-11, as explained in para 17 (v) above.

The port is advised to immediately transfer ₹81.92 crores being the surplus assessed in the last Order along with the interest as shown in Sl.No.6 in the above table and also transfer ₹25.45 crores in the year 2011-12 from the actuals surplus assessed for the years 2008-09 to 2010-11 and furnish its compliance report within three months.

The balance surplus of ₹117.19 crores assessed for the year 2008-09 to 2010-11 is fully adjusted to meet the deficit in the dredging activity. The adjustment of the past surplus is explained here under:

| **Sr. No.** | **Particulars** | | **₹ in lakhs** |
|---|---|---|---|
| (i). | Net Surplus for the years 2008-09 & 2009-10 | 10413.72 | |
| | Less: Surplus of estate activity (Estate activity excluded in the last Order) | -378.87 | |
| | Total Net Surplus for the port excluding estate | | 10034.84 |
| (ii). | Net Surplus for the year 2010-11<br>Less : Provision made for leave encashment relating to previous year in the year 2010-11<br>Balance Net Surplus for the year 2010-11 | 5370.99<br>-570.98 | 4800.01 |
| (iii). | Total Surplus for the year 2007-08 (additional) and for the years 2008-09 to 2010-11 | | 14834.86 |
| (iv). | Amount to be transferred to the Pension/ Gratuity Fund to meet the short fall as per the actuarial valuation | | 2544.85 |
| (v). | Balance Surplus | | 12290.01 |
| (vi). | Surplus transferred to meet the deficit in the dredging activity | | 12290.01 |
| (vii). | Balance surplus for past period after the above adjustments | | 0 |

(vii). Generally, a tariff validity cycle of three years is followed. The tariff proposal initially filed by the VOCPT contained projections for three years viz. 2010-11 to 2012-13. The year 2010-11 was drawn to close, the VOCPT was, therefore, advised to update the cost statements with 2010-11 actuals and modify the estimates for the years 2011-12 and 2012-13 based on the 2010-11 actuals and also to furnish estimates for the year 2013-14 to take advantage of the full three years tariff cycle. Citing the difficulties in projecting the financial implication relating to the projects proposed to be implemented in PPP mode during the year 2013-14, the VOCPT has requested to consider tariff revision upto the period 2012-13 only. In view of the position explained by the VOCPT, the cost statement considered in this analysis is for truncated validity period of two years i.e. 2011-12 and 2012-13.

(viii). The business plan of the VOCPT prepared in September 2010 envisages the port traffic at 267.68 lakhs tonnes and 340.85 lakhs tonnes for the years 2011-12 and 2012-13 respectively. In terms of percentage, the growth projected in traffic is 4% and 27% for the years 2011-12 to 2012-13 over the actuals/ estimates of the respective previous years. The port has stated that the projections given in the Business Plan will not materialise for the tariff cycle due to non completion of NCB-I, NCB-II.

The total actual traffic handled by the VOCPT (including the traffic handled by the BOT) during the year 2010-11 is reported at 257.27 lakhs tonnes. As against this, the overall traffic is projected by the VOCPT is 249.03 lakhs tonnes and 277.06 lakhs tonnes for the years 2011-12 and 2012-13 respectively. The drop in the traffic projection in the year 2011-12 is attributable to reduction projected in traffic of the BOT operator PSA SICAL. The actual traffic handled by the VOCPT during the year 2010-11 (excluding the traffic handled by the BOT operators) is reported at 175.58 lakhs tonnes. As against this, the traffic of the port (excluding the BOT traffic) is projected at 184.36 lakhs tonnes and 193.58 lakhs tonnes for the years 2011-12 and 2012-13 respectively over the actuals/ estimates of the respective previous years. The volume of traffic exclusively to be handled by the port shows a growth of 5% in each of the two years 2011-12 and 2012-13.

When the VOCPT was advised to clarify whether the traffic estimates are in line in accordance with the five year plan/ annual plan and the business plan of the port, it has stated that the traffic estimates are in line and in accordance with the five year plan (which is upto the year 2011-12), and also taking into consideration the available capacity and the current trends in the traffic. The port was advised to indicate additional traffic likely to be handled due to construction of berth no.9, dredging of the channel to cater 12.80 meters draft vessel and other investments made / proposed in the years 2010-11 to 2012-13. The VOCPT has clarified that additional traffic is possible only in respect of capital dredging to 12.8 mtrs. but the same will materialise and add to the additional volume only when connected proposals of NCB-I, NCB-II and $8^{th}$ berth container terminal are commissioned and implemented in full. The VOCPT has stated that the commissioning of NCB-I, NCB-II and VIII berth is expected after 2012-13.

It is relevant to state that the year 2010-11 is already over and the capital cost relating to construction of berth no.9 is capitalised by the VOCPT. Hence, the actual traffic in the year 2010-11 reported is presumed to capture the actual volume of cargo handled at this berth.

The VOCPT has assumed 5% growth per annum in the traffic of the port for the years 2011-12 and 2012-13 which is in line with the past trend of 4% traffic growth achieved by the port. The 5% growth in traffic projection assumed by the VOCPT for the years 2011-12 and 2012-13 is relied upon for the purpose of this analysis subject to modification in the overall traffic arising on account of modification in the container traffic projection made for the PSA SICAL.

The VOCPT in the revised proposal has projected reduction in the traffic of the BOT operator PSA SICAL for the year 2011-12 at 64.67 lakh tonnes as against actual traffic of the BOT operator reported at 81.69 lakh tonnes for the year 2010-11. For the subsequent year viz. 2012-13, the VOCPT has, however, projected 5% increase in the container traffic of the PSA SICAL over the actual reported for the year 2010-11. The VOCPT has not explained any reasons for projecting drop in the traffic of the PSA SICAL in the year 2011-12 in the current proceedings. However, in another proposal filed by the port, in December 2010 the VOCPT has brought out that the PSA SICAL is restricting handling of container vessels at its terminal and the port has therefore sought approval of separate tariff arrangement for handling containers at its berth as a stop gap arrangement. In one another proposal relating to revision of levy of VOCPT Cargo Handling Labour Pool, the port has indicated the PSA SICAL containers handled by the port under the stop gap arrangement at 16201 TEUs for the period September 2010 to 30 March 2011.

Despite specific query, the port has not indicated the container traffic of the PSA SICAL in TEUs. The website of the port reports that the port has handled 467752 TEUs in the year 2010-11 and in terms of tonnage it is reported at 81.69 tonnes. It appears that the containers handled by the port at its berth as a stop gap arrangement is also shown as part of the PSA SICAL traffic, while the income for the year 2010-11 would include the income earned by the port from handling this traffic as a temporary arrangement. To remove this inconsistency, the traffic of the BOT operator for the year 2010-11 is considered as 451551 TEUs i.e. 78.86 tonnes excluding the container traffic handled by the port. Though the port has stated that the PSA SICAL has restricted handling container at its terminal, the actual container traffic handled by the PSA SICAL is seen to 2.6% higher than the previous year traffic and the containers handled by the port under stop gap arrangement forms 3.4% of the total container traffic of the port. Therefore, the reasons for 20% reduction in the container traffic projected by the VOCPT in the year 2011-12 are not justified or explained by the port nor the figures of the year 2010-11 justify the claim of the VOCPT. Therefore, for the purpose of our analysis the container traffic is considered at the level of 2010-11.

The container traffic projections for the year 2011-12 is accordingly modified and considered at 78.85 lakhs tonnes (451551 TEUs) at the level considered for the year 2010-11 as against 64.67 lakh tonnes projected by the VOCPT. For the year 2012-13, the container traffic of PSA SICAL is considered at 82.79 lakh tonnes (474128 TEUs) considering 5% growth assumed by the VOCPT. As stated earlier, a few containers of the PSA SICAL handled by the port in the year 2010-11 has been considered by the VOCPT as part of the containerised cargo handled by the operator. In view of the modification done in this regard to reflect the correct position, the cargo exclusively handled by the VOCPT comes to 178.41 lakh tonnes for the year 2010-11 as against 175.58 lakh tonnes indicated by the VOCPT. For the subsequent years 2011-12 and 2012-13, 5% traffic growth assumed by the VOCPT is applied on the modified traffic volume of VOCPT for the year 2010-11. Accordingly, the modified traffic for the year 2011-12 is 266.19 lakhs tonnes (187.33 lakhs tonnes of the cargo exclusively to be handled by the VOCPT and 78.85 lakhs tonnes of the BOT operator) and 279.50 lakh tonnes for the year 2012-13 (constituting of 196.70 lakh tonnes of VOCPT cargo and 82.79 lakh tonnes cargo of the BOT operator PSA SICAL).

The traffic growth of 5% assumed by the VOCPT and the position reported by the port that the additional investment on capital dredging to 12.8 mtrs. will bring additional cargo only after the commissioning of NCB-I and II which is expected after the 2012-13 is relied upon in 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 full adjustment will be made in the tariff at the time of next tariff review.

(ix). (a). The VOCPT receives royalty from the private operator PSA SICAL Terminals Limited (PSA SICAL). 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 the 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.

(b). The VOCPT maintains a separate Escrow Account from the year 2007-08 onwards with reference to the royalty receipts from the PSA SICAL. The Annual Accounts for the year 2007-08 shows that the VOCPT has transferred the 50% of the royalty receipts from the PSA SICAL Terminals Limited (PSA SICAL) for the years 2005-06 to 2007-08. For the subsequent years 2008-09 to 2010-11, the VOCPT has annually transferred the 50% of the royalty receipts to the Escrow Account as per the tariff guidelines and this approach is followed in the future estimates also.

(c). As against the actual royalty received from the PSA SICAL reported at ₹8503.16 lakhs in the year 2010-11, the royalty receipt for the year 2011-12 is estimated to reduce to ₹7192.04 lakhs (i.e. 15% reduction) and for the year 2012-13 it is estimated at ₹8256.92 lakhs. The VOCPT has, however, not furnished any calculation in support of the royalty estimated in the cost statement nor has explained any specific reasons for estimating reduction in the royalty income despite the fact that the average per TEU royalty realisation as per the LA furnished by the VOCPT show an increase of 16% in the year 2011-12 and 11% in the year 2012-13. As stated earlier, the container traffic of PSA SICAL for the year 2011-12 is considered at the level handled in the year 2010-11 i.e. 451551 TEUs and for the year 2012-13 it is considered at 474129 TEUs assuming 5% growth adopted by the VOCPT over 2010-11 traffic.

(d). Considering the per TEU realisation as per the LA indicated by the VOCPT vide its letter dated 21 August 2010, the royalty receipt on the container traffic of the operator works out to ₹9779.09 lakhs and ₹11448.62 lakhs for the years 2011-12 and 2012-13 respectively. The cargo handling income estimated by the VOCPT is, therefore, modified in view of the revised estimates of the royalty receipts.

50% of the royalty receipt for each of the years i.e. ₹4889.54 lakhs and ₹5724.31 lakhs is transferred to the escrow account in line with the approach adopted by the VOCPT complying the provision in the tariff guidelines.

If any time during this tariff validity cycle, the income from royalty is found to be significantly varying from the position considered here and is likely to have an impact on the financial model considered in this analysis, the VOCPT is allowed to come up for ahead of schedule review to that extent.

To our query about revenue share anticipated from the new PPP projects envisaged to be commissioned in this tariff cycle, the VOCPT has confirmed that no PPP projects to be implemented in current tariff cycle. The position reported by the VOCPT is relied upon.

(e). 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 port has not shown withdrawal of any funds from the Escrow Account during the period 2007-08 and 2008-09.

One of the major capital expenditure proposed by the VOCPT is dredging the channel and dock basin to 12.80 mtrs. draft and the total expenditure estimated is ₹538 crores in the year 2011-12. The VOCPT has confirmed that the estimated cost is sanctioned by Government and 35% of the project cost i.e. ₹188.30 crores will be financed by way of grant from Government and balance ₹349.70 crores is proposed to be met from internal resources and partly from the Escrow Account. The capital expenditure for channel dredging is being undertaken in a phased manner. With reference to ₹349.70 crores of the project cost relating to channel dredging proposal to be met from internal resources of the port, the VOCPT has proposed to utilise ₹159.69 crores from the escrow account in a phased manner i.e. ₹33.73 crores in the year 2009-10 and ₹125.96 crores in the year 2010-11 to meet the said capex. The annual accounts for the respective years show withdrawal at the stated level.

The VOCPT has reported withdrawal of funds from the Escrow account to partly meet the capex relating to the dredging project, but that component funded from the Escrow Account is not capitalised in the year of utilization as per the figures reported in the Annual Accounts of the relevant years. Presumably it forms part of the capital work-in-progress. The capital work-in-progress is not allowable in the computation of capital employed for claiming return as per the tariff guidelines of 2005. That being so, in our analysis, utilization from the Escrow Account is considered in a phased manner only in the year in which the channel dredging cost is capitalized i.e. ₹44.55 crores in the year 2010-11 and ₹115.14 crores in the year 2011-12 maintaining the overall utilisation from Escrow Account at ₹159.69 crores as considered by the VOCPT.

(f). The year-wise details of the actual inflows and outflows regarding the royalty receipts and investment from the Escrow Account for the years 2007-08 to 2010-11 and estimated position for the years 2011-12 and 2012-13 are tabulated below:

(**₹ in lakhs**)

| Particulars | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|---|---|
| 1. Opening balance in Escrow Account | 2187.07 | 4234.37 | 7181.01 | 11306.36 | 11516.16 | 4891.87 |
| 2. Royalty/ revenue share Receipts | 4094.60 | 5460.66 | 7050.92 | 8503.15 | 9779.09 | 11448.62 |
| 3. Revenue share transferred to Escrow Account minimum 50% of royalty receipts | 2047.30 | 2730.73 | 3530.10 | 4251.58 | 4889.54 | 5724.31 |
| 4. Actual interest earned in the years 2007-08 to 2010-11. Estimated for 2011-12 and 2012-13 @ 5% | 0.00 | 215.91 | 595.25 | 413.22 | 0.11 * | 244.59 * |
| 5. Withdrawal from Escrow Account for creation of infrastructure assets | 0.00 | 0.00 | 0.00 | 4455.00 | 11513.94 | 0.00 |
| 6. Closing Balance (1+3+4-5) | **4234.37** | **7181.01** | **11306.36** | **11516.16** | **4891.87** | **10860.78** |

* Though the opening escrow account balance as per our table shows 9779.09 lakhs, the actual balance reported in the Annual accounts is ₹2.22 lakhs as the port has withdrawn ₹3373 lakhs in the year 2009-10 and ₹12596 lakhs in the year 2010-11. In our analysis, the withdrawal is considered in the year in which this capital dredging cost is capitalised. Interest for the year 2011-12 is, therefore, computed on the actual opening balance available with VOCPT on 1 April 2011. For the year 2012-13, the interest is estimated on the opening balance given in the above table.

As per the above table, the balance in the Escrow Account at the end of the financial year 2012-13 is estimated to be ₹10860.78 lakhs.

(x). (a). The VOCPT has not provided detailed computation of estimated income with reference to the estimated traffic and the existing rate despite request. It has clarified that 5% increase per annum is considered for projecting the income for the years 2011-12 and 2012-13 over the actuals/ estimates of the immediate previous year and the same is with reference to traffic growth projected by it. The port has also confirmed that income estimates are made at existing tariff for the years 2011-12 to 2012-13.

The traffic projections furnished by VOCPT are modified as explained earlier mainly on account of the container traffic. Growth projected in the cargo traffic of port (exclusively) is, however, considered at 5% over the actuals/ estimates of the respective previous year as assumed by the VOCPT. That being so, it will not involve any modification in income estimated by the VOCPT on this account. The income estimates furnished by the VOCPT are relied upon except for the modification done in the estimation of royalty receipts explained in the preceding paragraph and modification in the vessel related income for the year 2011-12 to the extent it does not commensurate the growth projected in vessel traffic and considering the effect of updated exchange rate in the estimation of vessel related income from foreign going vessel as explained hereunder.

(b). The cargo related income estimated by the VOCPT for the years 2011-12 and 2012-13 excluding the royalty receipts show 5% increase in each of the years which commensurate the increase projected in the cargo traffic and hence the estimates furnished by the VOCPT in this regard is accepted. Royalty/ revenue share receivable by the VOCPT from the PSASICAL are modified as explained in the preceeding part of the analysis. 50% of the revenue share received are transferred to the Escrow Account.

Subject to above modification, the total cargo related income after transfer of 50% of the royalty receipt is estimated at ₹13649.88 lakhs for the year 2011-12 and ₹14922.67 lakhs in the year 2012-13 as against ₹12356.36 lakhs and ₹13326.81 lakhs estimated by the VOCPT for the corresponding period.

(c). While furnishing revised calculation of dredging activity vide its letter dated 10 August 2011, the port has revised the vessel related income earned in the past period 2009-10 and 2010-11 by adding the concessions allowed in the special rate for dredging. The revised position is considered in the analysis.

Though the VOCPT has stated that the income is projected with 5% increase per annum in line with the growth projected in the traffic, the vessel related income estimated by the VOCPT for the year 2011-12 shows an increase of 4.4%. For the year 2012-13, increase in the vessel related income is estimated at 5% in line with the growth projected in the vessel traffic. The vessel profile furnished by the VOCPT shows a uniform increase of 5% in all the categories. That being so, in our analysis, the vessel related income for the year 2011-12 is modified and estimated to increase by 5% over the actual income reported in 2010-11 to match with the growth projected in the vessel traffic and in line with the approach followed by the port for estimating the vessel related income for the year 2012-13.

It is seen in the revised proposal filed by the VOCPT that the vessel related income for the years 2011-12 and 2012-13 is estimated based on the actual earnings for the year 2010-11. The VOCPT has indicated that the average exchange rate for the year 2010-11 is 1 US$ = ₹45.14 with reference to the dollar denominated vessel related charges earned from foreign-going vessels. The breakup of the vessel related earnings from foreign going vessel and coastal vessel furnished by the VOCPT for the year 2010-11 show that 81% of the earning is from foreign-going vessel and 19% is from coastal vessel. The vessel related income from foreign-going vessel for the year 2011-12 for the first four months i.e. upto July 2011 on prorata basis are updated with reference to the average exchange rate obtained for the period April 2011 upto August 2011 is 1 US$ = ₹44.78. For the period thereafter, the effect of fluctuation in the exchange rate prevailing at the time of concluding the analysis in this case i.e. 1 US$ = ₹45.56 is reckoned with.

Subject to the modifications explained above, the total vessel related income estimated is ₹8554.33 lakhs in 2011-12 and ₹8976.03 lakhs in 2012-13. Excluding the income from dredging levy which is analysed separately, the vessel related income considered in the cost statement ₹7022.60 lakhs and ₹7362.13 lakhs for the year 2011-12 and 2012-13 as against ₹6959.01 lakhs and ₹7309.14 lakhs estimated by the VOCPT for the corresponding period.

(d). When advised to consider the income anticipated from allotments of land made or to be made by the port to PPP operators on BOT basis in this tariff cycle in the cost statement, the port has clarified that the issue of allotment of lands in respect of projects under PPP mode will be only after the current tariff cycle and hence no lease rental income from new PPP projects is estimated.

As stated earlier, the VOCPT has excluded from the estate activity the income, expense and capex relating to land allotted for non-residential purpose, on the grounds that rental income and expenditure are included in the separate proposal submitted for revision of lease rental. It is relevant to state that the port had not made such exclusion at the time of the last general revision of tariff. Hence there is no reason to adopt a different approach in the current exercise. In our analysis, the income, expense and capex relating to the estate are considered as estimated by the VOCPT subject to modification wherever found necessary. Subject to above modification, the income from estate activity including rentals from non-residential purpose considered in the cost statement is ₹1158.92 lakhs in 2011-12 and ₹1177.91 lakhs in the year 2012-13.

(xi). (a). Clause 2.5.1.of the revised tariff guidelines requires that the expenditure projections of the major ports/ terminal operators should be in line with traffic adjusted for price fluctuations with reference to current movement of Wholesale Price Index (WPI) for all commodities as announced by the Government of India.

The total operating expenditure and the management and general overheads (excluding depreciation and railway activity) is estimated at ₹10797.90 lakhs for the year 2011-12 as against the actual expenditure of ₹9732.9 lakhs reported in the previous financial year 2010-11. The increase in the estimated expenditure for the year 2011-12 works out to 10.95% over the actuals reported in the previous year. This is mainly attributed to 24% increase estimated in the operating cost under port and dock services. The cargo handling expenses, management and general overhead and estate expenses show annual increase of 3.76% annum. The expenses under the port and the dock activity is estimated to increase by 24.22% in the year 2011-12 and for the year 2012-13, 13.33% reduction in the cost is estimated under this activity over the estimates of the previous year 2011-12.

The annual escalation of 3.76% applied by the VOCPT is based on the annual escalation adopted by this Authority in the tariff cases disposed in the year 2010-11. This Authority has decided to allow an escalation factor of 6% for the expenditure projections in all tariff cases of major ports and private terminals to be decided in the financial year 2011-12 as communicated to all Major Port Trusts and Private Terminal including VOCPT under cover of our letter number TAMP/27/2005-Misc dated 11 July 2011. Accordingly, escalation factor applied by the VOCPT in estimating the cargo handling expense, estate expense and management and general overheads are modified applying the annual escalation of 6%. The other modifications done in the estimates are explained hereunder:

- When pointed out to the VOCPT that the power and fuel cost estimated by the VOCPT do not factor the traffic growth anticipated in the years 2011-12 and 2012-13, it has stated that additional cargo are mainly envisaged in non-crane Berths. Since the VOCPT has confirmed that its estimations are correct and the traffic fluctuation will not have impact of its power and fuel cost, the position reported by the VOCPT is relied upon.

- The addition to the gross block of assets shown by the VOCPT is ₹30354 lakhs in the year 2011-12 (of which ₹25302 lakhs is towards the channel dredging) and ₹8650 lakhs in the year 2012-13. The VOCPT was advised to confirm whether the estimates of repairs and maintenance cost captures the repairs and maintenance cost, if any, expected on the additions proposed to the gross block in the current tariff cycle. The VOCPT has clarified that main additions to the gross block pertains to Capital Dredging Expenditure in the year 2011-12 for which no maintenance expenditure is required. Hence provision does not arise. Regarding the other assets, the port has confirmed that no maintenance expenditure is required in the year of commissioning due to warranty period. It has stated that provision for maintenance is included for subsequent period in the tariff cycle. The position reported by the VOCPT is relied upon.

(b). As stated earlier, the escalation of 24% in port and dock activity in the year 2011-12 is found to higher than the permissible level.

The port has attributed increase in the port and dock expense in the year 2011-12 is mainly in view of increase estimated in the dry dock expenditure. Apart from this item, the VOCPT has not explained any specific reasons for increase in the expense of the port and dock facility beyond the permissible level.

The actual dry dock expense incurred in the years 2009-10 and 2010-11 reported by the VOCPT is ₹6.41 crores and ₹2.65 crores respectively. The port has stated that due to phasing of the dry dock expenditure not incurred in 2010-11, major part of the expense is shifted to the year 2011-12 and the dry dock expense for the year 2011-12 is estimated at ₹7 crores. In the year 2012-13, the VOCPT port and dock expense are estimated to reduce by ₹5.66 crores. From the details furnished by the VOCPT it appears that the major expense towards the dry dock is incurred once in two years. The estimates furnished by the VOCPT for this item for the year 2011-12 is found to be comparable with the actual expense towards dry docking reported by the VOCPT for the year 2009-10. For the reasons explained by the VOCPT, it is found reasonable to consider the dry docking expense at the level estimated by the VOCPT in the year 2011-12. In our analysis, however, the expense of ₹7 crores estimated in the year 2011-12 is spread equally over the two years presuming the benefit of the expense is available for two years based on the trend of this expenditure observed in the previous two years. The annual escalation in the expenses of port and dock expense other than dry dock expenses are restricted to 6% per annum.

(xii). 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 VOCPT has furnished revised depreciation vide its letter dated 10 August 2011 for the years 2010-11 to 2012-13 which is relied upon and considered for the purpose of this analysis except for modification done in the depreciation on the channel dredging. The VOCPT has not considered depreciation on the capital investment on channel dredging proposed to be funded from the Escrow Account in the year 2011-12. In our analysis, the depreciation on the channel dredging cost proposed to be funded from the Escrow Account in the year 2011-12 is considered for half of that year and for full year in 2012-13. It is seen that the depreciation on the old capital dredging for which a separate levy is approved has been included in the estimate of the depreciation for the year 2012-13. Since the dredging activity is being analysed separately, the depreciation on this component is excluded from the general cost statement in line with the approach followed for the previous years.

(xiii). The Finance and Miscellaneous Income (FMI) excluding the interest income is estimated by VOCPT at ₹2363.5 lakhs in 2011-12, and ₹2481.68 lakhs in 2012-13 as against actual FMI of ₹2250.96 lakhs considered by the port for the year 2010-11. The port has estimated 5% increase in the FMI income. In view of the clarification furnished by the VOCPT, as stated earlier the actual FMI for the year 2010-11 is considered after excluding the non-recurring one-time receipt of ₹1289 lakhs reported by the VOCPT by way of penalties from TNEB, NTPL and SEPC and Government Grant for Tsunami relief. Relying on the clarification furnished by the VOCPT, the effect of one-time receipt reported by the VOCPT is excluded in the future estimate. The modified FMI income considered in the analysis is ₹1101.22 lakhs and ₹1220.72 lakhs for the years 2011-12 and 2012-13 respectively.

(xiv). For estimating the Finance and Miscellaneous Expenditure (FME), for the years 2011-12 and 2012-13, the VOCPT has applied 3.76% annual escalation on the actual FME considered for the year 2011-12 plus it has considered ₹200 lakhs towards insurance premium.

As explained earlier, FME for the year 2010-11 has been moderated to the extent the port has made one time provision towards leave encashment relating to the previous period in view of the audit query. The VOCPT has confirmed that this expense will not arise in future for the year 2011-12 and 2012-13 but has not made suitable adjustment in the cost statements to that effect. The FME for the year 2010-11 is, therefore, modified to exclude this one time expense. For the estimates of 2011-12 and 2012-13, 6% annual escalation is applied over the actuals/ estimates of the respective previous years as against annual escalation of 3.76% adopted by the VOCPT.

The FME estimated by the VOCPT includes ₹200 lakhs towards insurance. When asked to justify, the port has clarified that it proposes to take insurance coverage for the entire block assets pending Ministry's approval for insuring assets with Insurance Agency. It is notable that even during the last tariff revision, the port had estimated ₹200 lakhs per annum to cover insurance overage of all port assets. But the actual insurance cost reported in the Accounts is found to be around ₹2 to ₹3 lakhs per annum in the last two years which show that the port assets are not adequately covered.

While processing the general revision proposal of the Visakhapatnam Port Trust (VPT), it was brought out by the port that the Ministry has not accorded approval for entering into agreement with insurance companies to take insurance cover for all port assets. Hence the VPT itself had not projected this item in the tariff fixation. In the instant case also, approval of the Ministry of Shipping is awaited by the VOCPT. In the absence of clearance from the Government on the port proposal, the estimate of additional insurance cost to the tune of ₹2 crores per annum is not considered in the current tariff revision exercise.

Based on the above analysis, the modified FME considered by us is ₹427.31 lakhs and ₹466.14 lakhs in the years 2011-12 and 2012-13 respectively as against ₹1232.76 lakhs and ₹1271.61 lakhs estimated by the VOCPT for the corresponding period.

(xv). The VOCPT has excluded the income, expense, capital employed and return thereon relating to the railway activity in the past period 2007-08 to 2010-11 as well as in the estimates for the years 2011-12 and 2012-13.

It has, however, proposed to set off the deficit of the railway activity pertaining to the past period 2007-08 to 2009-10 from overall surplus position of the port in the years 2007-08 to 2010-11.

When pointed out to the VOCPT that the last tariff revision Order excluded the railway activity for analyzing the financial position for determining the tariff revision, the port has stated that this activity continues to be in deficit due to delay in getting approval from the Railways for revision of rates for railway activity. The

Port has, therefore, requested to allow loss to the tune of ₹190.56 lakhs per annum in the railway activity is absorbed in the general revision proposal. The cost statement of the VOCPT considered during the last tariff revision Order analysed the position excluding the railway activity and hence the same position needs to be maintained while analysing the actuals for the past period.

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 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 may, therefore, file suitable proposal with the Railway Board seeking hike on the railway related charges to recover the deficit, if found necessary. It may be relevant to state here that in the tariff revision of other ports such as Visakhapatnam Port Trust also, the cost position relating to railway activity was excluded while determining the tariff increase/ decrease to be allowed to the port.

(xvi). (a). The VOCPT has proposed additions to its gross block of assets for the years 2011-12 and 2012-13 to the tune of ₹303.54 crores and ₹86.50 crores respectively. Out of ₹303.54 crores of additions proposed to the gross block during the year 2011-12, ₹253.02 crores pertains to capital cost for dredging the channel to the tune of 12.8 mtrs.

(b). The total capital cost of the dredging project is estimated at ₹538 crores of which 35% will reportedly be financed through grant-in-aid receivable from the Government and balance through internal resources of the port including the funds available in the escrow account. At our request, the port has furnished the letter of Ministry of Shipping No.PD-11015/3/2004-TPT dated 20 June 2008 sanctioning the project cost of deepening the channel and basin to 12.8 mtrs. at an estimated cost of ₹538 crores of which 35% i.e. ₹188.30 crores will be financed by the Government by way of grant. Since the capital cost relating to channel dredging has the sanction of the Government and port has furnished documentary evidence of the work order issued in this regard, the estimated capital cost towards channel dredging is considered subject to some modification in the capital cost which is explained in the subsequent paragraph.

(c). In case 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. This in fact goes to the benefit the users as they are not burdened with increase in the tariff on this account in the year 2011-12. The approach followed by the VOCPT is considered in the analysis.

(d). The VOCPT has reported that the dredging in the front of berth no.9 which also formed part of the channel dredging project is already completed in September 2010 and capitalized to the tune of ₹44.55 crores in the year 2010-11. In the year 2011-12, the port has estimated ₹253.02 crores as addition to the gross block towards channel dredging. It is seen that as against ₹188.30 crores to be funded by the Government grant, the VOCPT has considered only ₹125.29 crores. Further, ₹159.69 crores to be deployed from the Escrow account is also not shown as part of additions to the gross block of assets by the VOCPT. In our analysis, the total capital cost relating to channel dredging is considered at ₹349.70 crores of which ₹44.55 crores is already capitalized in the year 2010-11 by the VOCPT and balance ₹305.20 crores is shown as addition in the year 2011-12 as explained below:

| | | | |
|---|---|---|---|
| (i). | Project cost relating to dredging channel and basin | - | ₹538.00 crores |
| (ii). | Less: 35% grant from the Government | - | ₹188.30 crores |
| (iii). | Total Capital cost relating to channel dredging considered | | ₹349.70 crores |
| (a). | Cost capitalized in the year 2010-11 (as reported by VOCPT) | - | ₹44.50 crores |
| (b). | Capital cost of dredging and basin (additions) considered in the year 2011-12 | - | ₹305.20 crores |

(e). As stated earlier the total deployment from Escrow account to meet the capital cost relating to channel dredging is considered at ₹159.69 crores at the level considered by the VOCPT i.e. at ₹44.55 crores in the year 2010-11 and ₹115.94 in the year 2011-12 based on the year on which the relevant asset is capitalised/ proposed to be capitalised. In line with the stipulation in the tariff guidelines, the port is not entitled to claim return on assets proposed to be funded from Escrow Account. The net fixed assets relating to capital dredging funded from escrow account is separately shown as exclusion from the capital employed and not considered for allowing return on in line with the tariff guidelines.

(f). With reference to the other additions proposed to the gross block during the years 2011-12 and 2012-13, the port has not furnished any documentary evidence despite request. It has, however, stated that the additions proposed to the gross block has been revised after considering the current status of the project and has indicated the expected date of completion of the major investments. Relying on the position reported by the VOCPT, additions on the other assets proposed by the VOCPT in the years 2011-12 and 2012-13 are considered without out any modification.

(g). 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 | 2010-11 (Actuals) | 2011-12 (Estimates) | 2012-13 (Estimates) |
|---|---|---|---|---|
| **A.** | **Capital Employed at the end of the year** | **31672.71** | **65401.88** | **71642.01** |
| **B.** | **Utilisations from Escrow Account** | | | |
| (i). | Assets funded from Escrow Account during the year | 4455.00 | 11513.94 | 0.00 |
| (ii). | Cumulative utilisation from Escrow Account | 4455 | 15968.94 | 15968.94 |
| (iii). | Depreciation during the year (1.63%) | 72.62 | 166.46 | 260.29 |
| (iv). | Cumulative depreciation | 72.62 | 239.07 | 499.37 |
| (v). | **Written Down Value of assets funded from Escrow Account (ii) - (iv)** | **4382.38** | **15729.87** | **15469.57** |
| **C.** | **Balance capital employed qualifying for return [A-B (v)]** | **27290.33** | **49672.01** | **56172.43** |

(h). Though VOCPT has confirmed that it has estimated the sundry debtors as per the norms prescribed in the tariff guidelines, the estimation of sundry debtors is not found to be in line with norms prescribed under Clause 2.9.9. of the tariff guidelines. Cash balance estimated by the VOCPT includes advance and other items which is not as per the norms of one month cash expense prescribed in the tariff guidelines. The estimates of sundry debtors and cash balance are, therefore, modified in line with the relevant clause 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 2010-11, the working capital of VOCPT becomes negative. As a result working capital is considered as Nil.

(i). The port has furnished the break up of business assets, and business related assets. It is assumed that the port has followed the provision prescribed in clause 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 relied upon. Consequent to modification in the estimation of capital employed, the classification of assets into two categories also stands modified maintaining the ratio followed by the port.

(xvii). The designed capacity of the port as on 31 March 2010 is 228.1 lakh tonnes as per the capacity of the Major Ports assessed by the Ministry of Shipping forwarded by the VOCPT. The capacity of the port for the years 2010-11 to 2012-13 considered is 248.88 lakh tonnes, 323.79 lakh tonnes and 346.02 lakh tonnes respectively based on which the port has derived the capacity utilization at 103.37%, 76.91% and 80.75% for the corresponding period in its revised cost statement.

The port has indicated the addition to the capacity will be 20 lakh tonnes in the year 2010-11 on account of dredging and 13.30 million tonnes and 16.20 Million tonnes in the years 2011-12 and 2012-13 with reference to various PPP projects. It is relevant to state here that at somewhere else the port has confirmed that none of the PPP projects will materialise till 2012-13. Regarding the channel dredging it has stated that the additional traffic will materialise only after the North Cargo Berth I, II and III are implemented which is expected after the current tariff cycle.

The capacity reported for the year 2010-11 includes capacity of the existing private terminal operator PSA SICAL. This will, however, not have any effect on the final decision as even after considering the capacity which includes the capacity of the PSA SICAL, the capacity utilization at the estimated traffic exceeds 60% hence the VOCPT is entitled for full return on capital employed. 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 2010-11 to 2012-13. In our analysis, 16% return is allowed on the modified business assets for all the years. Return on the modified business related assets is considered @ 8.40% for the year 2010-11. The updated risk free rate of return adopted by this Authority for dealing with the tariff cases in the year 2011-12 is 8.2% which is considered for computing return on business related assets for the years 2011-12 to 2012-13.

(xviii). Regarding estate activity, the port has filed a separate proposal for revision of lease rental. It has agreed to recast its proposal for revision of its lease rentals based on the report of the approved valuer to be received by mid of September 2011.

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 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 even at the existing tariff levied by the port. The surplus assessed in the estate activity at the revenue estimated by the VOCPT at the existing rates is considered while determining the overall tariff revision of the port in the current tariff cycle.

It may be relevant to state that the revised lease rental (to be) approved based on the recast proposal may generate some additional revenue to the port. The revision in the estate activity is not cost based but it is based on the market value of land following the guidelines issued by the Government from time to time in this regard. The exact impact of revision is not known at this stage. The port may be advised to consider the additional revenue so generated from estate to meet the deficit in the capital dredging activity which is analysed separately. If at the time of next review, it is observed that even after meeting the deficit in the dredging activity there is substantial surplus arising on account of revision (to be) allowed in estate revision, it will be considered for full adjustment in the tariff during the next tariff cycle.

(xix). The consolidated cost statement and main activity-wise cost statements excluding the capital dredging and the railway activity for the years 2011-12 and 2012-13 are modified, as explained earlier. The modified cost statements are attached as **Annex - I (a) to (d)**. 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 % |
|---|---|---|---|---|---|---|---|---|---|
| | 2011-12 | 2012-13 | Total for 2011-12 and 2012-13 | 2011-12 | 2012-13 | Total | 2011-12 | 2012-13 | |
| (i). Port as a whole | 21831.40 | 23462.72 | 45294.12 | 2456.52 | 2087.03 | 4543.55 | 11.3% | 8.9% | 10.07% |
| (ii). Port & Dock | 7022.60 | 7362.13 | 14384.73 | (-)4721.38 | (-)6252.91 | (-)10974.30 | (-)67.2% | (-)84.9% | (-)76.08% |
| (iii). Cargo handling activity | 13649.88 | 14922.67 | 28572.56 | 6843.99 | 8152.41 | 14996.4 | 50.14% | 54.63% | 52.39% |
| (iv). Estate | 1158.92 | 1177.91 | 2336.83 | 333.91 | 187.53 | 521.44 | 28.81% | 15.92% | 22.37% |

It is evident from the table above that the port as a whole (excluding the dredging and railway activity) shows an average surplus of 10.07%. The cargo handling and estate activities show an aggregate surplus of ₹14996.39 lakhs and ₹521.44 lakhs respectively for the two years 2011-12 and 2012-13 which cross subsidizes the deficit of ₹10974.30 lakhs in the vessel related activity and leaves an overall surplus of ₹4543.55 lakhs for the years 2011-12 and 2012-13.

It appears that the existing tariff particularly of the cargo handling activity may have to be reduced to the extent of surplus reflected in the cost statement. However, the cost position explained above does not include the capital dredging activity which reflects a substantial deficit as explained in the subsequent paragraph.

Though the port proposed initially to increase the special rate for dredging from existing 53% then brought it down to 33%, it has subsequently requested to maintain status quo in all tariff items including the rate for dredging except modifications/ increase proposed in a few tariff items such as increase proposed in the license fee for storage of cargo, increase proposed for storage of industrial coal inside the security wall, cleaning charge proposed at ₹5 per tonne for all dusty cargo irrespective of berths where they are handled, increase proposed in the hire charge of 10 T wharf crane and new tariff proposed for 6 T wharf crane and proposed to levy 20% additional berth hire if more than one crane is deployed at the berth. Before analyzing the dredging activity, the tariff increase proposed by the VOCPT in the above few items and its impact on the revenue is examined.

(xx). The increase proposed by the VOCPT in few of the tariff items are discussed hereunder:

(a). The note number 9 under the existing schedule of shifting charges prescribes various conditions for handling dusty cargo such MOP/ SOP and Rock Phosphate at the time of congestion at berth nos.V, VI,VIII, etc., which are otherwise meant for handling dust free cargo. The said note also prescribes levy of deemed shifting charge of 33% of pilotage fee and cleaning charge @ ₹1/ tonne for handling such cargo at these berths. The port has proposed to delete the existing note 9 in view of the current scenario of berthing facilities. None of the users have made any adverse comments on the said proposal of the port. Relying on the clarification furnished by the port, its proposal to delete the provisions relating to deemed shifting charges is accepted. The port has estimated that there will be reduction in its income to the tune of ₹43.58 lakhs per annum which is captured while examining the final cost position.

(b). The port has proposed to introduce cleaning charges of ₹5 per tonne in the wharfage schedule, which will be collected on dusty cargo irrespective of berths where they are handled. Though the port has stated that the existing cleaning charge is raised from ₹1 to ₹5/ tonne stated earlier, it is notable that the existing cleaning charge as well as deemed shifting charge is applicable only in respect of those clean berths specified in the SOR where the dusty cargo is allowed to be handled at the time when they cannot be handled at the berths earmarked for handling the dusty cargo. The said conditions are now deleted as explained at (a) above.

The proposal of the VOCPT to levy cleaning charge under wharfage schedule is, therefore, to be seen as a separate item. The port has clarified that the said tariff is mainly to meet the cost of environment management. Most of the users have objected the proposal of the port to introduce the cleaning charge at ₹5 per tonne stating that the wharfage will cover the cleaning charge. Recognising that the cargo handling activity which would cover this cost item shows a surplus position and also since the port as a whole is in surplus, the question of introducing this tariff item under the wharfage schedule does not arise.

(c). The license (storage) fee prescribed in the existing SOR is on per 10 sq. mtr. per week and per month basis. The VOCPT has proposed to increase the License (storage) fee for open space for storage outside the security wall by 150% and the license fee for the space allotted for storage of cargo inside the security wall is proposed to be increased by 300%. The license (storage) fee for Zone B 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. 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 this activity, upward revision proposed by the port in the base license fee in Zone A is not warranted and hence is not approved.

The port has not explained any reasons for proposing the license fee for Zone B (presently applicable at 50% of zone a Rates) at par with Zone A. From the proposal of the port it is not clear whether the infrastructure and facilities provided at Zone B are at par with Zone A. In the absence of any such details, it is not found justified to approve the proposal of the VOCPT to levy license fee for Zone B at par with Zone A rates.

(d). The port has proposed to introduce a note no.9 for levy of license fee at double the prescribed rate in case goods are stacked beyond the license period and not renewed by the port. This note is not to be seen as rate revision. It is proposed to be introduced as a penal rate to act as a deterrent from over stayal of cargo after the expiry of the license period and hence the proposed note is approved. It is, however, to be noted that levy of such penal charge alone will not justify occupation of lands after the expiry of licence. The port should take administrative action to evict such unauthorised occupation.

(e). While processing the general revision case, the VOCPT has proposed to introduce separate storage fee structure (slab wise) for over stocking of industrial coal inside the security wall at open space area beyond seven week to avoid non-availability of sufficient storage. For coal cargo lying upto seven weeks, the VOCPT has proposed to maintain the existing rate of ₹2 per sq. mtr. per week or part thereof applicable for cargo stacked in open space inside the security wall. For stay of coal cargo for $8^{th}$ to $9^{th}$ week, $10^{th}$ to $13^{th}$ week, is proposed at 2 times/ 3 times the rate of the base slab and for the period thereafter it is proposed at 5 times the base slab rate.

Though the said proposal was not envisaged in the original proposal, the VOCPT has brought out the proposal in this regard to users/ user associations during the presentation made at the joint hearing. The port has explained that it handles dusty cargo like industrial cargo stored in open space at the reclaimed area inside Green Gate. With the limited space available for storage of cargo, with increasing tonnage of industrial coal (2 millions tonnes), the slow evacuation of the cargo from storage area leads to congestion. This affects the storage of incoming cargo. In order to improve the rate of evacuation from the area to pave way for the incoming cargoes, it has proposed higher slab wise rates for stay beyond seven weeks. The base rate for stay of cargo for seven weeks is maintained at the current applicable rate. Since the proposal is mostly to act as a deterrent from over stayal of cargo and to encourage the users for faster evacuation of the cargo, the said proposal of the port is accepted. The port has not furnished the revenue implication of the proposed modification.

(xxi). With reference to the modifications approved as per the above analysis, the VOCPT has estimated ₹43.58 lakhs reduction in the annual income on account of its proposal to withdraw the deemed shifting charges. The impact for the years 2011-12 (prorata for 5 months from November 2011) and for the year 2012-13 will be ₹61.74 lakhs reduction in the income. Despite request the port has not furnished the revenue impact of various other modifications proposed by them in the SOR. It has to be noted that additional income may also accrue to the VOCPT on account of the various modifications such as - increasing slab-wise storage fee structure for coal and industrial coal, levy of double the license fee for storage beyond the license period, separate wharfage rate @ 50% of the applicable wharf on transfer of cargo from vessel to the barges at the basin, wharfage from new tariff items introduced for fly ash, wharfage for handling cargo from vessel to barge inside the harbour basin, increase in the hire charge of 10 T crane and new tariff for 6 T wharf crane for hire of these equipment other than shipping purposes, withdrawal of existing concession prescribed in the anchorage fee for vessel from/ to Maldives and Colombo, etc. approved as discussed in the this analysis. The revenue impact of these modifications/ amendments in the existing SOR are not captured in the financial model for rate revision in the absence of the information from the port.

Further, revision of estate rental which is being dealt with separately is also expected to generate additional revenue the impact of which is not known at this stage. The additional revenue arising on account of revision expected in the estate activity and on account of modifications in the SOR approved should be utilised by the port to meet the uncovered deficit assessed in the dredging activity.

(xxii). The special rate for dredging was initially approved by this Authority 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 ₹60261.30 lakhs Japan Yen in the years 1999-2000 and 2000-2001 to finance the capital dredging project. During the last tariff Order, the VOCPT had reported that Japan Yen loan was foreclosed in January 2005. The outstanding loan amount at the time of closure of the 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 to repay part of the loan. The balance of the outstanding foreign currency loan was paid out of the reserves maintained by the port. In the last Order, it was assessed that after adjusting ₹15.69 crores surplus available in the capital dredging account as per our calculation, ₹58.20 crores could have been utilised from the internal resources/ reserves of the port for repayment of old loan. The position relating to the IDBI loan, funds deployed from the own resources of the port and the operating cost relating to the capital dredging is analysed hereunder:

(a). The debt servicing liability of the IDBI loan taken in January 2005 is for seven years involving quarterly repayment of the principal and interest @ 6.50%. Accordingly, the loan is expected to have been closed by the year

2011-12. As against the above, the VOCPT has reported that it has repaid the balance loan of ₹7156.78 lakhs in the year 2009-10 itself and foreclosed the loan.

As per the revised working furnished by the VOCPT dated 10 August 2011, the dredging levy works out to be 33.47%. It is based on the deficit position in the activity, for the years 2007-08 to 2010-11 at actuals and estimated position for the years 2011-12 and 2012-13. In the said working, the average operating cost is considered by VOCPT at ₹1754.94 lakhs per annum uniformly for all the years 2007-08 to 2012-13. This is sum of annualised debt servicing cost of ₹1345.72 lakhs per annum towards the JBIC loan and the depreciation at ₹408.82 lakhs per annum.

(b). As held in the last tariff Order of July 2008, the computation of annualised debt servicing cost by VOCPT on the original loan of JBIC for the entire tenure of loan is not found to be correct since the JBIC loan was prematurely closed by taking a fresh loan from IDBI in January 2005. In the modified cost statement relating the capital dredging activity, the position from 20 January 2005 till 2010-11 based on actuals and estimated position for the years 2011-12 and 2012-13 is analysed.

The annualised debt servicing liability of the IDBI loan (from January 2005 till the year 2011-12) considered in the last Order was ₹3095 lakhs per annum at the level estimated by the VOCPT. The annual debt servicing amount to be recovered is higher, firstly because the port has considered the annual debt servicing cost of JBIC loan which is for 27.5 years including moratorium of seven years whereas, the loan has been refinanced by taking the IDBI loan which is for a shorter duration of seven years. It is to be recognised that the decision of the port to refinance the foreign currency loan would have perhaps helped in easing the burden of interest and shortening the period of levy. In fact, as the analysis in the subsequent paragraph would reveal that the special rate for capital dredging will automatically cease from 1 April 2013.

(c). The capital dredging of berth no.VIII to the tune of ₹41.75 crores was financed from the own resources of the port in the year 2003-04. This Authority at the request of the port had extended the special rate for dredging approved for deep draft berths to berth no.VIII as well in its Order passed on May 2004. The income from dredging levy as well as depreciation with reference to this asset is treated at par with the dredging project undertaken in 2000. Consequently, the capital employed for dredging berth no.VIII has been excluded from the total capital employed considered for general revision of tariff. However, capital expenditure on dredging for berth No.VIII is entitled to return as it is funded from the internal resources of the port. The income and depreciation of this investment is considered as a part of computation of dredging levy and, therefore, it will be appropriate to consider the return on the relevant investment under the dredging activity.

Apart from this, the funds deployed by the VOCPT from its reserves for repayment of the JBIC loan assessed to the tune of ₹58.20 crores in the last Order will also qualify for ROCE from January 2005 onwards. While allowing return on this component, the effect of depreciation is considered.

(d). The modified statement for dredging levy shows a deficit of ₹24027.92 lakhs for the period from 19 January 2005 upto 2010-11 based on the actuals. As has been explained earlier, total revenue surplus of ₹21138.03 lakhs comprising revenue surplus of ₹8848.02 lakhs for the past period 2002-03 till 2007-08 (with 2007-08 updated based on actuals as against estimated surplus considered in the last tariff Order) and revenue surplus ₹12290.01 lakhs assessed in the general activity for the period 2008-09 till 2010-11 is applied to meet the shortfall in the capital dredging activity. This leaves a deficit of ₹2889.90 lakhs for the period upto 31 March 2011.

(e). The port has applied 5% annual escalation in the actual income of the year 2010-11 while furnishing the revised estimates for the year 2011-12 and the same approach is followed for estimating the income for the year 2012-13. For estimating the position for the years 2011-12 and 2012-13, the revised income from the existing special rate for dredging furnished by the VOCPT is considered and the effect of the applying the updated exchange rate is also considered.

It may be brought out here that the port while processing the proposal vide its letter dated 30 October 2010 has stated berth No 9 constructed in 2010-11 is also declared as eligible to call vessels upto the permissible draft of 10.46 mtrs. with effect from 28 August 2010 and the special rate for capital dredging is also introduced for the berth No. 9 based on the consent obtained from the users in a meeting convened by them in September 2010. The user associations agree on the levy imposed by the port but from the date of intimation i.e. 8.9.2010 to the Trade. In this context, it has to be recognised that the income from the capital dredging from berth no.9 captured in the year 2010-11 is only for seven months and not for the full year. Hence the income estimated for the years 2011-12 and 2012-13 which is based on 2010-11 is underestimated to some extent. But in the absence of the berth wise capital dredging income in respect of this berth it is not possible to modify the income estimates. For our analysis, the revised income estimated by the VOCPT is considered subject to the considering the effect of the updated exchange rate with a rider that the dredging related income from vessels availing berthing at berth no.9 to the extent not captured can be utilised to reduce the deficit in this activity to some extent.

On the cost aspect, the annualized debt servicing cost is considered at ₹3095.02 lakhs for 2011-12 being the last installment as originally envisaged. Depreciation is considered at ₹408.82 lakhs per annum and return is allowed at 16% on the ports own resources utilised to partly repay the foreign currency loan and also on the written down value of the capital cost of dredging berth number VIII which is funded by the port.

Subject to the above modification, the cost position for the capital dredging activity for the years 2011-12 and 2012-13 at the existing rate of dredging levy shows a total deficit of ₹3689.42 lakhs. The cost statement relating to the capital dredging activity is attached as **Annex - II**.

The total deficit in the capital dredging activity at the end of the year 31 March 2013 is thus ₹6579.32 lakhs. In view of deficit reflected in the dredging activity as against the surplus position in the overall activity of the port (excluding dredging), it is found appropriate to set off the deficit in the dredging activity from the estimated revenue surplus of ₹4543.55 lakhs assessed for this tariff cycle. The surplus assessed in the estate activity for the past period 2008-09 to 2009-10 i.e. ₹378.87 lakhs is also considered to meet the deficit in the capital dredging activity. Additional dredging revenue expected to arise from berth no.9 to the extent not considered here and additional revenue likely to accrue in view of some amendments approved in the SOR of the VOCPT and additional revenue likely to arise from the revision in the estate rentals proposal of the port (to be) is applied to fully wipe out the deficit in this activity by the end of this tariff cycle. It is also relevant to recognise the fact that the estimated surplus of ₹4543.55 lakhs does not capture the effect of some of the modifications, which have been explained earlier in para 17(xxi) above.

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) | Estimates 2011-12 & 2012-13 | Total |
|---|---|---|---|---|
| (i). | Deficit in the dredging Account | -24027.92 | -3689.42 | -27717.35 |
| (ii). | (a). Deficit to be met from revenue surplus in the general activity for the past period (2002-03 to 2007-08) | 8848.02 | Nil | 8848.02 |
| | (b). Deficit to be met from revenue surplus assessed in the general activity for the period 2008-09 to 2010-11 | 12290.01 | Nil | 12290.01 |
| (iii). | Estimated balance deficit in the dredging account | -2889.90 | -3689.42 | -6579.32 |
| (iv). | Revenue surplus estimated in the general cargo activity for the years 2011-12 and 2012-13 | | | 4543.55 |
| (v). | Surplus in the estate activity for the years 2008-09 and 2009-10 | | | 378.87 |
| (vi). | Remaining deficit in the dredging activity to be met from the dredging income from berth no 9 to the extent not captured, estate revision which is due and the effect of other amendments not considered in the financial model | | | -1656.90 |

Based on the above analysis, this Authority allows the existing special rate for the dredging to continue till 31 March 2013. The special rate for dredging will automatically cease to be in operation with effect from 1st April 2013.

It is admitted that the approach recognises flow of some cross-subsidisation from general services to the dredging activity. But recognising that around 83% of the vessel related income accrues from vessels availing deep draft berths, it is not found unreasonable to allow this cross subsidisation. The cargo activity will also be benefited indirectly.

The VOCPT should submit the entire analysis of the inflow/ outflow of the dredging activity at the time of the next tariff revision from the period when the IDBI loan was taken. If it is observed 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.

The VOCPT has requested to approve the dredging levy from berth no.9 as well. As brought out earlier, VOCPT has levied the special rate for dredging on vessels berthed at berth no.9 newly constructed by the port and made available in the year 2010-11 based on the consent of the users/ user association. The trade has also in a meeting held by the port in September 2010 agreed to pay the levy from the date of intimation to them i.e. from 8 September 2010. Since it is an extension of the existing rate applied to the new berth made available to the user who get the benefit of the deeper draft done in the year 2000 and recognising that the levy introduced is with the consent of the users and the actual as well estimated income captures this item, this Authority approves the extension of the special rate for dredging for berth no.9 also. The levy imposed by the port on berth no.9 from 8 September 2010 based on the consent of the users is also ratified.

(xxiii). The existing note 1 under the Schedule 5.02.2. stipulates that berth hire includes cranage component and no separate charges will be levied for wharf crane provided by the port (subject to availability). The VOCPT has now proposed to modify the existing note (1) to state that berth hire includes cranage component of one wharf crane only and 20% of the berth hire will be levied separately if more than one crane is supplied by the port. The Tuticorin Ship Agents Association (TSAA) and Tuticorin Custom House Agents' Association (TCHAA) have objected the proposal of levy of 20% additional berth hire for providing the second crane. The TSAA has held that two cranes are being provided by the port and hence it should not levy any separate charge.

The port was advised to rework the berth hire fee for crane berth correspondingly to the extent the cost of more than one crane is included in the berth hire. The port has categorically stated that the berth hire includes one crane component and hence the reduction of berth hire does not arise. The note submitted by the port for the meeting of the Board of Trustees of the VOCPT dated 24 February 2010 states that when wharf cranes were merged with berth hire cost of one crane was considered.

It is relevant to bring out here that the merger of the wharf crane component with the berth hire charge flows from the recommendations made by the Directing Group constituted (in the year 1984) by the Ministry of Home Affairs (Department of Personnel and Administrative Reforms) for simplification and rationalisation for port procedures. The said report recommends to merge the wharf crane component with the berth hire and does not mention about merging of cost of only one crane component with berth hire. Even for the time being if it is assumed that in case of the VOCPT at that point of time (i.e. merging the cranage component with berth hire) there was one crane, it cannot be denied that capital and operating and maintenance cost of additional wharf cranes as and when procured by the port during the subsequent period have been recognised in the determining the financial position and tariff increase has been granted in the vessel related charges after analysing the overall position. Despite request the port could not conclusively establish that the cost of one crane is only included in the existing berth hire charge. In the absence of clarity on this position, the proposal of the VOCPT to levy 20% of the additional berth hire on adhoc basis for providing more than one crane at berth is not approved at this juncture.

This Authority through various orders has held that berth hire should be proposed for group of berths having similar facilities based on the cost of providing the services. Clause 6.5.2. of the tariff guidelines also stipulates to prescribe ccomposite berth hire charges including charges for use of wharf cranes (other than special purpose cranes/ handling systems) with a provision for grant of rebate if on any occasion wharf crane could be not made available due to breakdown, planned maintenance, or any other reason. The VOCPT is, therefore, advised to file a well analysed proposal for levy of berth hire having comparable facilities supported with cost calculation of services provided at the berths and with suitable rebate complying with the tariff guidelines.

(xxiv). The penal interest on delayed payments by the user and refunds by the port has been proposed by the port at 14.75%. 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 14.25%. Accordingly, the rate of penal interest is modified to 16.25%.

(xxv). The port has proposed to introduce 33 1/3% concessions in port dues, pilotage and berth hire charges in respect of cruise vessels. When sought justification for allowing concession to cruise vessels, the port has stated that it is based on the Board's decision with respect to Government directions to support cruise shipping. It has stated about general direction issued by the Government to support cruise shipping. It has also forwarded a copy of the minutes of the meeting by the (then) Hon'ble Minister Shipping on 29 June 2003 reviewing the progress made in providing cruise shipping. The port has reported that 1 cruise vessel was handled in each of the years 2008-09 and 2009-10. It has stated that action is being initiated to create necessary facilities for handling passenger vessels between Tuticorin and Colombo and hence expressed difficulty in estimating the expected number of cruise vessels at this stage.

It is relevant to state here that there is no Government directive to this Authority to prescribe concessional tariff to this category of vessels. In any case the rates approved by this Authority are ceiling levels and the port trusts already have the discretionary powers to grant concessions in tariff approved by this Authority based on its commercial judgement.

(xxvi). The exchange rate considered at the time of last general revision of Scale of Rates of VOCPT was 1 US $ = ₹43.52 which is lower than the prevailing exchange rate of 1 US $ = ₹45.56 at the time of analysis of this case. The vessel related tariff for coastal vessel are, therefore, not restated in line with clause 6.1.2. of the tariff guidelines.

(xxvii). 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, it was observed from the submissions made by most of the user associations that introduction of rationalised tariff structure may cause unintended adverse impact on majority of vessels. This Authority, therefore, allowed the then existing tariff structure in the vessel related charges to continue relaxing the relevant provision of the tariff guidelines. This Authority had also 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. Despite specific advice to the port in the last tariff Order to attempt to implement the provisions of tariff guidelines of March 2005, the port does not appear to have moved in that direction. When sought reasons for not adhering to the advice rendered in the last order, the VOCPT has stated that the same status as observed in the last Order is relevant now hence the existing tariff structure is allowed 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 allowed in the current tariff revision. The port is advised to attempt to introduce suitable rationalisation in the vessel related tariff items in a gradual manner as advised in the July 2008 Order.

(xxviii). The frequency of payment in respect of port dues is proposed to be modified from existing dues payable once in 30 days to once in calendar month in respect of coastal vessel. It has stated that the proposed modification is to simplify billing mechanism and to simplify identification of number of visits of a vessel and has claimed that there will be no monetary implications. The VOCPT has referred to the clarification furnished by it in last tariff revision Order and wherein it had stated that the beneficiaries of the proposed provision are mostly thermal coal vessels and 50% of oil vessels. A coal vessel is reported to enter twice every month. It has, therefore, suggested that port dues for coastal vessel is fixed at 50% for each entry or status quo is maintained. When the port itself admits that 50% of oil vessels also enter more than once in a month then the suggestion to prescribe 50% of port dues only in case of coal vessel is not found to be correct.

This Authority in the last Order had suggested the port to arrive at the rate based on the average income earned from this tariff item during the immediate past three years over the average GRT of the vessel for the corresponding period at the time of the next tariff review while prescribing the unit of levy of port dues for coastal vessel at par with foreign-going vessel. The VOCPT has, however, not adhered to our suggestion but has only made a reference to the submission made by it in the last Order. In the absence of the requisite information it is not possible for this Authority on its own to prescribe the rate. The VOCPT is, therefore, advised to adhere to our advice at the time of the next tariff review while prescribing the unit of levy of port dues for coastal vessel at par with foreign-going vessel. Till such time the existing unit of levy of port dues for coastal vessel is allowed to continue.

(xxix). The fee prescribed in the existing Scale of Rates for services of pilot requisitioned but not utilised is US$55.3214 for foreign-going vessel. The VOCPT has proposed the rate for this item at 25% of the normal pilotage fee subject to a minimum fee proposed at US$131.70. The port has stated that the minimum fee arrived here is based on 25% of the minimum pilotage fees prescribed under 2.2.1. for normal pilotage operations. The proposed rate is mainly of penal nature to discourage the practice of requesting the pilot services and thereafter not utilizing their services. The rate proposed by the VOCPT is, therefore, approved.

(xxx). The title of the Schedule 2.2.3. (ii) relates to shifting charges for movement of vessels from South Break Water to North Break Water or vice versa and shifting of vessels from specified berths prescribed in the title. The VOCPT has proposed to delete the specified berth numbers from the title, as mention of movement between specific berths has been felt superfluous as the schedule 2.2.3 (i) which relates to shifting between berths in South Break Water and shifting of vessels between north break water already covers the same. In view of the clarification furnished by the VOCPT, the amendment proposed by the VOCPT in the title of the said schedule is accepted.

(xxxi). (a). The existing SOR prescribes levy of double the pilotage fee for piloting a vessel on cold move partly or fully in any pilot operation. Tuticorin Ship Agents' Association (TSAA) and Shipping Corporation of India Limited (SCI) have stated that there should be clarity about levy of double the rates of pilotage if piloting services under cold move is required only during berthing or only sailing. It has stated that if cold move is required only during berthing or only sailing, the additional pilotage fee should be 50%. The point made by the user associations, therefore, merit consideration. The VOCPT in this regard has held that 100% pilotage fee is applicable when full pilotage fees are involved. The clarification furnished by the VOCPT does not explicitly address the point made by the user associations. If the pilot service during the cold move of a vessel only is provide only for one leg, then the additional cost should be recovered only for the relevant leg and not for both inward and outward leg.

As per the Scale of Rates of the Mormugao Port Trust, double the pilotage fees is applicable, if both inward and outward movements are cold and if only one move mentis cold then 1½ times the pilotage fee is charged. In Chennai Port Trust, the pilotage fee is separately prescribed for inward movement and outward movement and for cold move, 100% of pilotage rate for inward is applicable and if it is for outward movement then only for outward movement the additional pilotage fee is applicable. In view of the clarification sought by the TSAA and SCI in the case of VOCPT and based on the prescription at other major ports, the existing note is amplified to state that for piloting a vessel on cold move in addition to the normal pilotage fee, 100% of the applicable pilotage fee will be leviable if both inward and outward movement are cold, and in case only one movement is cold then 50% of the applicable pilotage fee will be leviable.

(b). For shifting operation on cold move, 100% of pilotage fee with twice the relevant shifting charges is proposed to be levied for individual instance. Since the principle of levying additional charge on cold move for shifting operation flows from the existing tariff arrangement prescribed for piloting services on cold move, the proposal of the VOCPT is considered. For shifting operation on cold move it is reasonable to charge additional shifting charge, however, the note proposed by the port appears to be confusing. It is not clear why the port has mentioned about the pilotage fee while introducing the charge for shifting on cold move. For the sake of clarity, the note proposed by the VOCPT is modified to state for shifting a vessel on cold move 100% of the applicable shifting charge will be leviable in addition to the normal shifting fee. The port has stated that the instance of such cold move are rare and hence the financial impact will be very negligible.

(xxxii). The port has proposed to introduce a note no.8 to levy full pilotage charges when vessel ousted from a berth is shifted to anchorage and to levy shifting charge if ousted vessel is shifted to other berths. On being pointed out to elaborate circumstances when the ousted vessel will be shifted to anchorage/ other berth(s), the VOCPT has clarified the proposed note is to cover those instances where during availing of ousting priorities, the vessel to be ousted may be shifted to adjoining berths within harbour basin instead of shifting to outer anchorage. The existing Note 7 in the same schedule states that in case of ousting priority, over and above the pilotage fee leviable on the vessel availing the benefit of such ousting, additional pilotage fee equivalent to pilotage fee for vessel so ousted shall be leviable from the former. The note no.8 now proposed by the VOCPT is to be seen as an extension of the existing note amplifying that in case ousted vessel is shifted to anchorage full pilotage charges shall be leviable and if the vessel ousted is shifted to other berths shifting charge shall be payable. The proposed note is, therefore, approved. It may, however, be made amply clear that the vessel availing the benefit of ousting priority shall be liable to pay the additional pilotage or shifting charges for the vessel so ousted.

(xxxiii). Shifting charges linked to pilotage fee was approved by this Authority in its Order passed on 22 June 2004 for shifting of a vessel to outer anchorage or any other berth on account of its non-performance. Chairman (VOCPT) has been empowered to take a decision to shift a vessel to outer anchorage or any other berth on account of its non-performance. While according approval of the provision proposed by the port, this Authority vide its Order dated 22 June 2004 had advised the VOCPT to file suitable proposal prescribing broad guidelines/ principles for application of the provision based on experience gained in the operations. The advise was reiterated in the last tariff Order passed on 14 July 2008 at para 11 (xxiii) (a). The VOCPT was again reminded during the current proceeding to propose suitable modification in the proposed conditionality to bring in transparency in shifting mechanism on account of non-performance of vessel.

The VOCPT has expressed difficulty to modify the existing provision in view of different variables encountered at different berths and that the situation enumerated during the last tariff revision still holds good. It has therefore requested to maintain status quo.

This Authority has held in the various cases that it would prefer to prescribe conditionalities in a definite manner without providing discretionary powers to the regulated entities. In the absence of the relevant information made available by the VOCPT and any suggestion from users' side, it is not possible for this Authority to prescribe suo motu the requirement at different berths which are to be adhered before shifting of a vessel for its non-performance. Port is, therefore, again advised to examine the issue once again and consult the users in this regard. For the time being, the proposal to continue with the existing arrangement is accepted.

(xxxiv). In the existing SOR the unit of levy of berthing fees for sailing vessels other than lighters alongside the wharf at Zone B is prescribed on per GRT per trip basis at US$0.0323 for foreign-going vessel. The VOCPT has proposed to modify the unit of levy to per GRT per hour basis and the rate proposed is US$0.0040 for foreign-going vessel. The port has clarified that for arriving at the proposed rate, the existing rate prescribed per trip is rationalized on per hour based on average 8 hours per trip. Clause 6.5.3. for the guidelines of 2005 states that prescription of the berth hire should be related to stay of vessel and it should be on hourly basis. Since the proposed modification complies with the guideline provision and relying on the basis explained by the VOCPT, the proposed modification in the unit of levy and the rate is accepted. It is notable that none of the users have made any voiced objection on the modification proposed by the VOCPT.

(xxxv). The port has proposed to introduce a note number 10 under the Schedule of berth hire proposing to levy double the berth hire charges in respect of vessels berthing for repairing and bunkering purposes (except cargo operation). The VOCPT was advised to explain the basis of the proposed levy and furnish details of number of such vessels, berth occupied, the existing berth hire applicable, average stay of vessels in the last two years, etc. The VOCPT has not furnished any statistical details sought by us. It has stated that it is a penal levy to discourage such vessels as port's berths are meant for cargo handling operations as priority with need to ensure quick turnover time.

This Authority shares the views of the VOCPT that the berth is mainly for cargo handling operation so as to achieve the optimum utilisation of the berthing facilities. Hence it is admitted that rates of penal nature need to be in place to discourage occupation of berths for carrying out operations other than cargo handling. But, at the same time, it has to be recognised that the repairing and the bunkering may be inevitable part of shipping operations. The Port may, therefore, need to first ensure alternate arrangement to vessels for carrying out minor repairs and bunkering purpose in its port is available such that it does not affect their cargo handling operations at the berths. If for any reason such an alternate arrangement is not feasible or could not be made available for whatsoever reason, then such vessel may have no other option but to occupy the regular berths of the port. In such an event, reasonable time required by a vessel to carry out such repairs/ bunkering operations need to be determined after detailed study beyond which higher rate of penal nature is levied. Without any detailed analysis undertaken by the port on this front, it is not found appropriate to approve the current proposal of the port for levy of double the berth hire charge. The port may, therefore, undertake a detailed study in this regard and file a separate proposal taking into consideration our observation.

(xxxvi). If a vessel is anchored (at berth) in idle without deployment of gang even after lapse of four hour, the port proposes to collect penal berth hire as prescribed in the existing SOR for vessels not vacating the berth even after issue of 12 hours notice. The port has clarified that the penal berth proposed is to keep anchorage area free for new vessels without being occupied by existing vessels. Some of the user associations such as Indian Chamber of Commerce & Industry (ICCI), TSAA and SCI have objected the proposed condition stating that most of the time the vessels berthing time cannot be determined in advance and hence shippers/ receivers and stevedores are not in a position to book gangs prior to berthing. They have also stated stevedores/ receivers/ shippers prefer to book the gang after the berthing of the vessel so that the full shift is utilised. The point made by the user associations that they are not aware of vessel berthing time is not correct as the berthing time of the vessel is known to them in advance.

It has to be recognised that berth and waterfront is a scarce resource of the port and need to be utilised optimally. If a vessel even after four hours of berthing idles at a berth without deployment of gang it will lead to under utilisation of the berth. The proposed note seems to be introduced to discourage underutilization of the berth and hence, the proposal of the port to levy penal berth hire is approved provided that the port is in a position to provide the gang in a reasonable time. If the vessel is idling at the berth beyond four hours without gang on account of the port's failure to provide the gang within reasonable time, then the penal berth hire shall not apply. The proposed note is suitably modified to that extent

If the objective is to optimise the berth utilisation, the more appropriate arrangement would be to prescribe cargo-wise productivity linked tariff which will provide incentive in tariff for achieving higher productivity and will act as a disincentive if the productivity achieved is below the benchmark level of productivity. The tariff guidelines of 2005 also recommend to prescribe productivity linked tariff. The VOCPT may if necessary conduct detailed analysis in this regard and attempt to introduce such a scheme during the next tariff cycle.

(xxxvii). The VOCPT has proposed to withdraw the conditions prescribed in the existing SOR which allows some concessions in the anchorage fee to vessels from/ to Maldives, Colombo, etc. for their stay at anchorage. Congestion at anchorage affecting the berthing of vessels and also a hindrance in lighterage operation are cited as reasons for withdrawal of the existing conditions. Based on the clarifications furnished by the VOCPT, the proposal to of the VOCPT in this regard is accepted.

(xxxviii). The port had filed a separate proposal seeking approval of fee for cargo handling operations at anchorage and separate schedule of anchorage fee on vessels for lightering operations at anchorage along with conditionalities governing the rates. The rates proposed in the said proposal have been incorporated by the VOCPT in the proposed SOR for general revision of the SOR. This Authority has already disposed the proposal of the VOCPT for fixation of charges for lightering operations at anchorage vide Order No.TAMP/51/2008-TPT dated 2 May 2011. The decision of this Authority in the said Order is incorporated in the revised SOR of the VOCPT.

(xxxix). (a). The nomenclature of 'Industrial Coal' mentioned in the wharfage schedule is proposed to be modified as 'Steaming (Non-coking Coal)'. The port has confirmed that both are the same category of cargo. The modification proposed is accepted.

(b). The VOCPT has proposed to introduce wharfage rate for fly ash and sludge oil at ₹18.00 per tonne and ₹47.10 per tonne respectively at Zone A. The VOCPT has explained that fly ash is meant for construction purposes, hence the existing rate prescribed for river sand is adopted for this cargo. Based on the clarification furnished by the VOCPT, and recognising that none of the users have raised any objection, the wharfage rate proposed for fly ash is prescribed at the level proposed by it for Zone A. Going by the reasoning given by the port, it is not clear why for Zone B the VOCPT has proposed the wharfage rate for fly ash lower than the wharfage rate prescribed for river sand at this zone. The rate for fly ash to be handled at Zone B is prescribed at ₹12 for foreign at par with the rate prescribed for river sand in this zone. The port has stated that it may not have any signification impact on the revenue as the cargo traffic is negligible.

The wharfage rate for sludge oil is stated to be based on the rate prescribed in the Scale of Rates of Chennai Port Trust (CHPT). The VOCT has on enquiring clarified that at CHPT wharfage rate for sludge oil is levied at the rate prescribed for unenumerated cargo. The rate for un-enumerated liquid cargo where this cargo item is classified is ₹90 per tonne. As against this, the wharfage rate proposed is ₹47.10 which is approved. The port has stated that the volume of this cargo is negligible and hence may not have any financial impact. If, however, the volume of this cargo increases significantly, then the port is advised to file a separate cost based wharfage rate based on the cost involved for handling this cargo.

(c). 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 advalorem wharfage rate in the last order. The port has, however, proposed the existing system of advalorem wharfage rate for a few cargo items to continue without any efforts in line with the advice rendered. When again advised to review the advalorem wharfage rate during the proceeding of this case, the VOCPT has pleaded to retain advalorem rate. It has stated that in respect of the contribution in respect of high value item to income, if weight based rate is evolved the same may not be reasonable with respect to tonnage handled and space occupied. This Authority does not like to endorse the point made by the VOCPT for continuing with the existing system of advalorem rates. The tariff guidelines of 2005 require that the wharfage rate must be based on weight or volume of cargo. It also recommends to phase out the advalorem structure in five years and to determine the wharfage rate based on special care required to be taken while handling and storage of the cargo. 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. It is, therefore, brought out 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.

(d). The port has proposed a note no.4(vi) for levy of 150% of the applicable wharfage for handling of cargo inside harbour basin from vessel to barge to wharf or vice-versa. When sought justification for the proposed rate with reference to additional cost involved for such handling, the port has clarified that for landing places at wharf, 100% of wharfage is being levied when barge operations takes place in the Harbour basin. When subsequently the barge is handled at berth, in addition to 100%, 50% is proposed to be levied. The point made by VOCPT is not found to be correct interpretation of the Scale of Rates. Wharfage rate prescribed in the Scale of Rates (i.e. 100% termed by the port) is leviable when cargo is handled at wharf. Now the point to be decided is about the wharfage leviable if cargo is handled at the basin.

In Kolkata Port Trust for Crude Oil/ POL/ POL product discharged at Sandheads/ Virtual Jetty/ any other anchorage point/ mooring, for subsequent landing at berth or vice-versa in case of shipment, only one full wharfage shall be levied, even if the cargo operation takes place at both the dock systems. Each dock system in such cases shall realize 50% of the applicable wharfage. For discharge/shipment of other cargo 90% of wharfage is realisable for discharge/ shipment at such point. In Mormugao Port Trust wharfage rate on all cargo handled at stream except ores and pellets are prescribed at 60% of the applicable rate. In case of phosphoric acid handled at stream, 50% of the wharfage rate prescribed is applicable. The proposal of the VOCPT is found to be similar to the tariff arrangement prescribed in the Scale of Rates of the MOPT. The proposed note for levy of additional wharfage for the cargo handled at the harbour basin is approved subject to a correction that wharfage on cargo transferred from the vessel to barge in the harbour basin will be levied at 50% of the applicable wharfage rate, which will be in addition to the wharfage leviable when such cargo is handled at the berth.

(e). In case of hazardous cargo classified under “goods not other-wise specified”, the existing SOR prescribes levy of 100% of the wharfage rate over and above the normal dues. The port has now proposed to slightly modify the existing note by giving the specific serial numbers of the unenumerated goods in the wharfage schedule. It does not involve any rate revision but is only an amplification of the existing note. The modification proposed by the port is the existing note is approved.

(f). The VOCPT has proposed to introduce notes at Sr. No.14 and 15 listing the documents required for assessment of wharfage charges on liquid coastal cargo, for home consumption, for timber cargo etc. The proposed conditions seem to be procedural aspects and not related to tariff and hence need not be incorporated in Scale of Rates.

(xL). (a). The existing Scale of Rates prescribes hire charge for 10 tonnes wharf crane and below at 295 per hour in the schedule 5.03 relating to hire of equipment. The port has proposed to increase the rate for 10 tonne wharf crane to ₹3424 per hour. For hire of wharf crane of 6 tonne capacity a separate rate of ₹3157 per hour is proposed to be introduced. The port has clarified that the steep increase in the rate is mainly because of capital the cost of new wharf crane replaced at cost of ₹14.28 crores as against the capital cost of old crane at ₹0.53 crores procured in the year 1997. Most of the user associations have raised objection on the proposed increase in the hire charge of the said wharf cranes. The port has not proposed the rates on the basis of standard capacity of the crane as was done earlier in the case of Harbour Mobile Crane. The VOCPT has explained that the tariff proposed for the said cranes in the Schedule 5.03 is only for miscellaneous purposes and not for shipping operations. For normal cargo handling, the charges are inbuilt in Berth Hire charges. The said tariff items is reportedly for miscellaneous services and not for the cargo handling operations. It may be relevant to state that the hire charge for 20 tonne wharf crane for miscellaneous service prescribed in the existing is at ₹3308 per hour. This crane is an old crane already deployed by the port earlier. The rate now proposed by the port is for a new crane and as clarified by the VOCPT the increase in the rate is mainly arising because of increased cost of new equipment procured by the port. This Authority approves the rate proposed by the VOCPT. However, the rate approved here may not be quoted as precedence as the rate derived is not for cargo handling operations.

(b). The port has proposed to collect increased rate proposed for hire of 10T and 6T cranes on adhoc basis based on agreement with users in the meeting held on 9 July 2010 pending approval of this Authority. Clause 2.17.1. to 2.17.3. of the tariff guidelines allow Port Trust to levy the tariff for new item on an adhoc basis simultaneously, with submission of proposal to TAMP subject to the condition that the adhoc rate must be derived based on existing notified tariffs for comparable service/ cargo and it must be mutually agreed upon by the port and the concerned users. In the instant case the rate proposed to be levied on adhoc basis is not for any new service. In fact, the existing Scale of Rates already prescribes rate for similar capacity of wharf crane under Schedule 5.03. Further, the minutes of meeting dated 9 July 2010 forwarded by the VOCPT does not reveal that the users have given consent to the proposed rate. It was, therefore, clearly brought out to the port that this Authority will not recognise if the proposed rate is collected by the port on adhoc basis as it does not comply with the clause 2.17.1 to 2.17.3 of the tariff guidelines. By way of caution, it may therefore be mentioned that rate approved for these items will have prospective effect from the date of implementation of the Order approved.

(xLi). The port has proposed steep increase in the charges for fire fighting services from existing ₹808 per shift and ₹354 per shift for stand by duties to ₹2000 per shift for both the items. The increase proposed is not justified with the increase in the cost of services provided. The port has stated that the existing rate is very low and moreover, the pay of employees of port fire service is revised and they are engaged on overtime for these purposes. The cost estimates considered include the revised pay as well as the cost of over time. Since the overall cost position of the port reflects a revenue surplus, and in the absence of any cost calculation furnished in support of the tariff proposed the steep increase proposed in this item is not warranted.

(xLii). The draft proposed SOR of the VOCPT does not incorporate ceiling hire charge for 100 THMC approved by this Authority vide Order No.TAMP/22/2007-TPT dated 30 December 2009 for services to be provided by service provider authorised by VOCPT. The performance linked ceiling rate approved in the said Order is incorporated in revised SOR of the VOCPT in a separate schedule.

(xLiii). The existing SOR prescribe a fee of ₹12 for issue of temporary pass valid for 24 hours for admission into the Harbour. The port has now proposed to introduce a fee of ₹50 per permit for temporary entry permit beyond 24 hours and upto 15 days and ₹100 per permit for period beyond 15 days and maximum upto 30 days. This tariff proposed to be introduced is for miscellaneous item and hence is approved. Incidentally, the proposed rates are similar to the rate prescribed in the Scale of Rates of the COPT.

(xLiv). The port has subsequently during processing of the case proposed hike in the charges for film shooting from existing ₹4248 per day to ₹10000 per day. It has clarified that the increase proposed is to restrict usage of port area for film shooting frequently. The proposed increase is approved as it is not related to the core services of the port.

(xLv). This Authority had vide Order No.TAMP/22/2006-TPT dated 14 July 2008 approved the proposal of VOCPT for levy of ₹1.15 per unit of electricity consumed to recover the overhead expenses for supply of electricity from port/ users/ contractors. The proposed Scale of Rates does not include this tariff item. When sought explanation, it has clarified that separate rate for this item is dispensed with as it is already included as part of General Revision proposal. Nowhere in the proposal the VOCPT has stated that it has discontinued collecting this charge and hence the income reported for the year 2010-11 is presumed to include the income from the existing levy. Since the estimates for the future are done purely by applying 5% increase in the traffic growth over the 2010-11 and so on, it can be reasonably assumed that the income from this item is already captured in the estimates for the years 2011-12 and 2012-13. It has to be recognised that the rate approved in the said Order was to recover the overhead charges for supply of electricity from specific leases. The proposal of the VOCPT to delete this tariff would mean other segment of users will have to bear this cost. It is not found justifiable to burden other users with the cost which is otherwise applicable on specific leases. That being so, the existing tariff prescribed at 1.15 per unit of electricity consumed to recover the overhead expenses for supply of electricity from port/ users/ contractors is retained in the revised SOR.

(xLvi). Chapter VI of the existing Scale of Rates of the VOCPT relates to levy for supply of labour pool from Tuticorin Port Cargo Handling Labour Pool (TPTCHLP). The SOR proposed by VOCPT does not give this chapter may be because the port has filed a separate proposal for revision of the TPTCHLP levy which is being dealt with separately. The rates approved in the TPTCHLP case is incorporated in the revised Scale of Rates of the VOCPT.

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

18.1. 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 which is attached as **Annex - III**.

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

18.3. 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.

18.4. 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 concerned port trust 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* review of the tariff.

**(Rani Jadhav)**
Chairperson

ANNEX - I (a)

## Consolidated Cost Statement of V.O. Chidambaranar Port Trust (Excluding Dredging and Railways)

Rs. in lakhs

| SL. No. | Description | Actuals 2007-08 | Actuals 2008-09 | Actuals 2009-10 | As furnished by VOCPT | | | Modified estimates by TAMP | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Actuals 2010-11 | 2011-12 | 2012-13 | Actuals 2010-11 | 2011-12 | 2012-13 |
| I | **Traffic exclusively of the VOCPT** | 158.50 | 165.29 | 171.88 | 175.58 | 184.36 | 193.58 | 178.41 | 187.33 | 196.70 |
| | **Capacity in million tonnes** | 207.50 | 228.10 | 228.10 | 248.88 | 323.79 | 346.02 | 248.88 | 248.88 | 248.88 |
| II | **Operating Income** | | | | | | | | | |
| | (I).Cargo Handling And Storage Income | 11,648.34 | 13,487.18 | 15,045.39 | 16846.34 | 15952.38 | 17455.27 | 17032.17 | 18539.43 | 20646.98 |
| | Less : 50% Royalty transferred to Escrow Account from 2005-06 | 2,047.30 | 2,730.73 | 3,530.10 | 4251.58 | 3596.02 | 4128.46 | 4251.58 | 4889.54 | 5724.31 |
| | (ii). Port and Dock Services ( Excluding dredging levy) | 5,784.43 | 6,078.61 | 6,905.82 | 6669.13 | 6959.01 | 7309.14 | 6669.13 | 7022.60 | 7362.13 |
| | (iii). Estate | 603.68 | 792.28 | 818.39 | 92.56 | 90.24 | 87.85 | 1140.29 | 1158.92 | 1177.91 |
| | **Total Operating Income** | 15,989.15 | 17,627.34 | 19,239.50 | 19,356.45 | 19,405.61 | 20,723.80 | 20,590.01 | 21,831.40 | 23,462.72 |
| III | **Operating Expenditure** | | | | | | | | | |
| | (I).Cargo Handling And Storage activity | 995.30 | 1,286.17 | 1,449.13 | 1781.07 | 1848.04 | 1917.52 | 1781.07 | 1887.93 | 2001.21 |
| | (ii). Port and Dock activity (Excluding dredging levy) | 2,340.33 | 3,680.51 | 3,849.53 | 3421.08 | 4249.72 | 3683.18 | 3497.25 | 3776.19 | 4002.76 |
| | (iii). Estate | 208.22 | 152.06 | 366.32 | 251.18 | 260.56 | 270.27 | 365.97 | 387.93 | 411.20 |
| | **Sub total** | 3,543.85 | 5,118.74 | 5,664.98 | 5,453.33 | 6,358.32 | 5,870.97 | 5,644.29 | 6,052.05 | 6,415.17 |
| IV | **Depreciation** | | | | | | | | | |
| | (I).Cargo Handling And Storage activity | 304.43 | 346.96 | 442.74 | 667.89 | 667.89 | 787.76 | 667.89 | 667.89 | 787.76 |
| | (ii). Port and Dock activity (Excluding dredging levy) | 501.98 | 488.17 | 523.08 | 702.57 | 702.57 | 1585.09 | 626.4 | 875.10 | 1129.36 |
| | (iii). Estate | 20.67 | 23.28 | 24.75 | 31.30 | 31.30 | 61.91 | 33.11 | 33.11 | 63.72 |
| | **Total Depreciation** | 827.08 | 858.41 | 990.57 | 1,401.76 | 1,401.76 | 2,434.76 | 1,327.40 | 1,576.10 | 1,980.84 |
| V | Total Operating Expenditure | 4,370.93 | 5,977.15 | 6,655.55 | 6,855.09 | 7,760.08 | 8,305.73 | 6,971.69 | 7,628.14 | 8,396.01 |
| VI | **Gross Operating Surplus (II-III-IV)** | 11,618.22 | 11,650.19 | 12,583.95 | 12,501.36 | 11,645.53 | 12,418.07 | 13,618.32 | 14,203.26 | 15,066.70 |
| VII | **Allocated Management & General Overheads** | 2,512.25 | 3,348.55 | 4,387.06 | 4461.51 | 4619.42 | 4950.57 | 4540.43 | 4535.42 | 4807.55 |
| VIII | **Operating Surplus after MGT** | 9,105.97 | 8,301.64 | 8,196.89 | 8,039.85 | 7,026.11 | 7,467.50 | 9,077.89 | 9,667.83 | 10,259.15 |
| IX | (I) Finance and Miscellaneous Income | 559.48 | 585.70 | 1178.39 | 2250.95 | 2363.51 | 2481.68 | 987.39 | 1101.22 | 1220.72 |
| | (II) Finance and Miscellaneous Exp | 404.37 | 347.13 | 371.90 | 995.35 | 1232.78 | 1271.61 | 389.90 | 427.31 | 466.14 |
| | **FME-FMI** | (155.11) | (238.57) | (806.49) | (1,255.60) | (1,130.7) | (1,210.07) | (597.49) | (673.9) | (754.6) |
| X | **Net Operating surplus / deficit (V-V I-VII)** | 9,261.08 | 8,540.21 | 9,003.38 | 9,295.46 | 8,156.86 | 8,677.57 | 9,675.38 | 10,341.75 | 11,013.73 |
| XI | Capital employed | 21,272.15 | 22,018.82 | 23,449.82 | 38,916.04 | 68,391.39 | 75,459.22 | 31,672.71 | 65,401.88 | 71,642.01 |
| | **Business Assets** | 20,479.98 | 21,166.13 | 22,615.16 | 37,988.70 | 67,471.03 | 74,544.70 | 30,856.08 | 64,603.28 | 70,861.44 |
| | Less: Net fixed assets relating to capital dreding funded from Escrow Account | - | - | - | - | - | | 4,382.38 | 15,729.87 | 15,469.57 |
| | **Business Assets less funding from Escrow Account** | 20,479.98 | 21,166.13 | 22,615.16 | 37,988.70 | 67,471.03 | 74,544.70 | 26,473.70 | 48,873.41 | 55,391.86 |
| | **Business Related Assets** | 792.17 | 852.69 | 834.66 | 927.34 | 920.37 | 914.52 | 816.63 | 798.60 | 780.57 |
| XII | ROCE | 3335.42 | 3449.68 | 3680.19 | 6,156.09 | 10,872.68 | 12,003.97 | 4,304.39 | 7,885.23 | 8,926.70 |
| | Business Assets | 3276.80 | 3386.58 | 3618.43 | 6,078.19 | 10,795.36 | 11,927.15 | 4,235.79 | 7,819.75 | 8,862.70 |
| | Business Related Assets | 58.62 | 63.10 | 61.76 | 77.90 | 77.31 | 76.82 | 68.60 | 65.49 | 64.01 |
| XIII | **Capacity Utilisation** | 76.4% | 72.5% | 75.4% | 103.37% | 76.91% | 80.8% | 71.7% | 75.3% | 79% |
| XIV | Total ROCE linked to capacity utilisation | 3335.42 | 3449.68 | 3680.19 | 6,156.09 | 10,872.68 | 12,003.97 | 4,304.39 | 7,885.23 | 8,926.70 |
| XV | Net Surplus / Deficit after ROCE | 5,925.66 | 5,090.53 | 5,323.19 | 3,139.37 | (2,715.82) | (3,326.40) | 5,370.99 | 2,456.52 | 2,087.03 |
| XVI | Deficit in pension Fund | 0 | 0 | 0 | 1,807.00 | 1,807.00 | 1,807.00 | - | - | - |
| XVII | Deficit Railway Activity | 0 | 0 | 0 | 241.84 | - | - | | | |
| XVIII | **Net Surplus after ROCE** | 5,924.90 | 5,090.53 | 5,323.19 | 1,090.54 | (4,522.82) | (5,133.40) | 5,370.99 | 2,456.52 | 2,087.03 |
| XIX | **Net Surplus as percentage of operating income** | 37.1% | 28.9% | 27.7% | 5.63% | -23.31% | -24.77% | 26.1% | 11.3% | 8.9% |
| XX | **Average Surplus / Shortfall as a % on Total Income** | | | | | -24.04% | | | 10.07% | |

ANNEX - I (b)

## COST STATEMENT OF PORT AND DOCK ACTIVITY

Rs. in lakhs

| SL. No. | Description | As furnished by VOCPT | | | Modified Estimates | | |
|---|---|---|---|---|---|---|---|
| | | 2010-11 Actuals | 2011-12 (Estimates) | 2012-13 (Estimates) | 2010-11 Actuals | 2011-12 (Estimates) | 2012-13 (Estimates) |
| I | Operating Income | 7,917.13 | 8,269.41 | 8,685.06 | 8123.89 | 8554.33 | 8976.03 |
| | Less : Dredging income | 1,248.00 | 1,310.40 | 1,375.92 | 1,454.76 | 1,531.74 | 1,613.89 |
| | **Total Operating Income** | **6,669.13** | **6,959.01** | **7,309.14** | **6,669.13** | **7,022.60** | **7,362.13** |
| II | **Operating Cost** | | | | | | |
| | Operating Cost (excluding Depreciation & dreding related exp) | 3,421.08 | 4,249.72 | 3,683.18 | 3497.25 | 3776.19 | 4002.76 |
| | Depreciation (excluding dredging levy) as per the Companies Act | 702.57 | 702.57 | 1,585.09 | 626.40 | **875.10** | **1129.36** |
| | Total Operating Expenditure | **4,123.65** | **4,952.29** | **5,268.27** | **4,123.65** | **4,651.28** | **5,132.12** |
| III | **Gross Operating Surplus (I-II)** | **2,545.48** | **2,006.72** | **2,040.87** | **2,545.48** | **2,371.31** | **2,230.01** |
| IV | Allocated Managenment and Genl. Administration | 2,743.54 | 3,019.01 | 3,044.29 | 2743.54 | 2910.59 | 2904.09 |
| V | (I) Finance and Miscellaneous Income | 716.97 | 847.58 | 875.27 | 304.87 | 383.17 | 418.71 |
| | (II) Finance and Miscellaneous Exp | 612.08 | 805.68 | 781.96 | 239.77 | 279.27 | 286.65 |
| | FME - FMI | (104.89) | (41.90) | (93.30) | (65.10) | (103.90) | (132.06) |
| VI | **Net Operating surplus / deficit (IV-V-V I-VII)** | (93.17) | (970.39) | (910.12) | -132.96 | -435.38 | -542.01 |
| VII | Capital employed | 19,505.00 | 34,278.26 | 49,125.94 | 17278.19 | 42729.02 | 51406.15 |
| | Business Assets | | | | 16892.31 | 42294.95 | 50906.78 |
| | Less: Net fixed assets relating to capital dredging funded from Escrow Account | | | | 4382.38 | 15729.87 | 15469.57 |
| | Business Assets less funding from Escrow Account | | | | 12509.93 | 26565.08 | 35437.21 |
| | Business Related Assets | | | | 385.88 | 434.07 | 499.37 |
| VIII | ROCE | 3,085.48 | 5,449.47 | 7,814.90 | 2034.00 | 4286.01 | 5710.90 |
| | Business Assets @ 16% | - | - | - | 2001.59 | 4250.41 | 5669.95 |
| | Business Related Assets (in our analysis @ 8.4% in 2010-11 and 8.2% in future estimates) | - | - | - | 32.41 | 35.59 | 40.95 |
| IX | **Capacity Utilisation** | | | | | | |
| X | Total ROCE linked to capacity utilisation | 3,085.48 | 5,449.47 | 7,814.90 | 2034.00 | 4286.01 | 5710.90 |
| XI | Pension Fund Deficit | 1,096.53 | 1,163.55 | 1,133.11 | 0.00 | 0.00 | 0.00 |
| XII | Net Surplus/deficit after ROCE and after pension deficit (considered by VOCPT) | **(4,275.17)** | **(7,583.40)** | **(9,858.12)** | **(2,166.96)** | **(4,721.38)** | **(6,252.91)** |
| XIII | **Net Surplus as percentage of operating income** | **-64.10%** | **-108.97%** | **-134.87%** | **-32.5%** | **-67.2%** | **-84.9%** |
| XIV | Average Surplus as a % on Income | | **-121.92%** | | | **-76.08%** | |

ANNEX - I (c)

## COST STATEMENT OF CARGO HANDLING AND STORAGE ACTIVITY

Rs. in lakhs

| SL. No. | Description | As furnished by VOCPT | | | Modified Estimates | | |
|---|---|---|---|---|---|---|---|
| | | 2010-11 Actuals | 2011-12 (Estimates) | 2012-13 (Estimates) | 2010-11 Actuals | 2011-12 (Estimates) | 2012-13 (Estimates) |
| I | **Income** | | | | | | |
| | Operating Income | 16,846.34 | 15,952.38 | 17,455.27 | 17,032.17 | 18,539.43 | 20,646.98 |
| | Less: 50% Royalty Income transferred to Escrow Account | 4,251.58 | 3,596.02 | 4,128.46 | 4,251.58 | 4,889.54 | 5,724.31 |
| | **Total Operating Income** | **12,594.76** | **12,356.36** | **13,326.81** | **12,780.59** | **13,649.88** | **14,922.67** |
| II | **Operating Cost** | | | | | | |
| | Operating Cost (excluding Depreciation) | 1,781.07 | 1,848.04 | 1,917.52 | 1,781.07 | 1,887.93 | 2,001.21 |
| | Depreciation as per Companies Act | 667.89 | 667.89 | 787.76 | 667.89 | 667.89 | 787.76 |
| | Total Operating Expenditure | **2,448.96** | **2,515.93** | **2,705.28** | **2,448.96** | **2,555.82** | **2,788.97** |
| III | **Gross Operating Surplus (I-II-III)** | **10,145.80** | **9,840.43** | **10,621.53** | **10,331.63** | **11,094.06** | **12,133.70** |
| IV | Allocated Managenment and Genl. Administration | 1,516.11 | 1,412.37 | 1,682.31 | 1,516.11 | 1,361.65 | 1,604.83 |
| V | (I) Finance and Miscellaneous Income | 1,525.60 | 1,504.94 | 1,595.89 | 648.71 | 680.35 | 763.45 |
| | (II) Less: Finance and Miscellaneous Exp | 338.24 | 376.92 | 432.12 | 132.50 | 130.65 | 158.40 |
| | FME - FMI | **(1,187.36)** | **(1,128.02)** | **(1,163.78)** | **(516.21)** | **(549.70)** | **(605.04)** |
| VI | **Net Operating surplus / deficit (V-V I-VII-VIII)** | 9,817.05 | 9,556.08 | 10,103.00 | 9,331.73 | 10,282.11 | 11,133.91 |
| VII | Capital employed | 18,542.20 | 32,586.23 | 24,414.67 | 13,750.21 | 21,658.03 | 18,761.49 |
| | Business Assets | | | | 13,338.75 | 21,309.81 | 18,500.78 |
| | Business Related Assets | | | | 411.46 | 348.21 | 260.71 |
| VIII | ROCE | 2,933.17 | 5,180.47 | 3,883.86 | 2,168.76 | 3,438.12 | 2,981.50 |
| | Business Assets @ 16% | | | | 2,134.20 | 3,409.57 | 2,960.13 |
| | Business Related Assets (in our analysis @ 8.4% in 2010-11 and 8.2% in future estimates) | | | | 34.56 | 28.55 | 21.38 |
| IX | **Capacity utilisation** | | | | | | |
| X | ROCE linked to capacity utilisation | 2,933.17 | 5,180.47 | 3,883.86 | 2,168.76 | 3,438.12 | 2,981.50 |
| XI | Pension Fund Deficit | 633.13 | 573.40 | 598.08 | - | - | - |
| | Deficit in respect of railway activity | 241.76 | - | - | - | - | - |
| XII | **Net Surplus after ROCE** | **6,008.99** | **3,802.21** | **5,621.06** | **7,162.97** | **6,843.99** | **8,152.41** |
| XIII | **Net Surplus as percentage of operating income** | **47.71%** | **30.77%** | **42.18%** | **56.05%** | **50.14%** | **54.63%** |
| XIV | **Average Surplus as a % on Income** | | 36.47% | | | 52.39% | |

ANNEX - I (d)

## COST STATEMENT OF ESTATE ACTIVITY

Rs. in lakhs

| Sl. No. | Description | As furnished by VOCPT | | | Modified Estimates | | |
|---|---|---|---|---|---|---|---|
| | | 2010-11 Actuals | 2011-12 (Estimates) | 2012-13 (Estimates) | 2010-11 Actuals | 2011-12 (Estimates) | 2012-13 (Estimates) |
| I | Operating Income | 92.56 | 90.24 | 87.85 | 1,140.29 | 1,158.92 | 1,177.91 |
| | **Total Operating Income** | **92.56** | **90.24** | **87.85** | **1,140.29** | **1,158.92** | **1,177.91** |
| II | Operating Cost | 251.18 | 260.56 | 270.27 | 365.97 | 387.93 | 411.20 |
| | Depreciation | 31.30 | 31.30 | 61.91 | 33.11 | 33.11 | 63.72 |
| | Total Operating Expenditure | **282.48** | **291.86** | **332.18** | **399.08** | **421.04** | **474.92** |
| III | **Gross Operating Surplus (I-II-III)** | **(189.92)** | **(201.62)** | **(244.33)** | **741.21** | **737.88** | **702.99** |
| IV | Allocated Management and Genl. Administration | 201.86 | 188.04 | 223.97 | 280.78 | 263.18 | 298.63 |
| V | (I) Finance and Miscellaneous Income | 8.38 | 10.99 | 10.52 | 33.82 | 37.70 | 38.56 |
| | (II) Finance and Miscellaneous Exp | 45.03 | 50.18 | 57.53 | 17.64 | 17.39 | 21.09 |
| | FME - FMI | 36.65 | 39.19 | 47.01 | (16.18) | (20.31) | (17.47) |
| VI | **Net Operating surplus / deficit (V-V I-VII)** | **(428.43)** | **(428.85)** | **(515.31)** | **476.61** | **495.02** | **421.83** |
| VII | Capital employed | 868.84 | 1,526.90 | 1,918.61 | | | |
| | Business Assets | | | | 625.02 | 998.52 | 1,453.87 |
| | Business Related Assets | | | | 19.29 | 16.32 | 20.49 |
| VIII | ROCE | 137.44 | 242.74 | 305.21 | 101.62 | 161.10 | 234.30 |
| | Business Assets @ 16% | - | - | - | 100.00 | 159.76 | 232.62 |
| | Business Related Assets @ 6.35% / (7.4% in modified estimates) | - | - | - | 1.62 | 1.34 | 1.68 |
| IX | **Capacity Utilisation** | 100.0% | 100.0% | 98.97% | 99.2% | 79.2% | 59.4% |
| X | Total ROCE linked to capacity utilisation | 137.44 | 242.74 | 305.21 | 101.62 | 161.10 | 234.30 |
| XI | Pension Fund Deficit | 77.34 | 70.05 | 75.81 | - | - | - |
| XII | Net Surplus after ROCE | **(643.20)** | **(741.64)** | **(896.33)** | **374.99** | **333.91** | **187.53** |
| XIII | **Net Surplus as percentage of operating income** | **-694.90%** | **-821.85%** | **-1020.29%** | **32.89%** | **28.81%** | **15.92%** |
| XIV | **Average Surplus as a % on Income** | | **-921.07%** | | | **22.37%** | |

**Cost statement relating to dredging activity for which special rate has been approved by this Authority** **ANNEX - II**

Rs. in lakhs

| Sr. No | Particulars | Actuals 2004-05 (after 19.1.05) | Actuals 2005-06 | Actuals 2006-07 | Actuals 2007-08 | Actuals 2008-09 | Actuals 2009-10 | Actuals 2010-11 | Total for the period from 19.1.05 till 2010-11 | Estimates 2011-12 | Estimates 2012-13 | Total for the period 2011-12 and 2012-13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| I | **Earning from dredging levy** | **204.42** | **1146.87** | **1320.72** | **1221.89** | **1279.25** | **1367.59** | **1454.76** | **7995.50** | 1531.74 | 1613.89 | 3145.63 |
| 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 | 3095.02 |
| | (ii). Depreciation | 50.31 | 408.82 | 408.82 | 408.82 | 408.82 | 408.82 | 408.82 | 2503.23 | 408.82 | 408.82 | 817.64 |
| | **Total Annual Operating Cost** | **824.07** | **3503.84** | **3503.84** | **3503.84** | **3503.84** | **3503.84** | **3503.84** | **21847.10** | **3503.84** | **408.82** | **3912.66** |
| III | **Surplus/ deficit after meeting operating cost** | **-619.64** | **-2356.97** | **-2183.12** | **-2281.95** | **-2224.59** | **-2136.25** | **-2049.08** | **-13851.60** | **-1972.10** | **1205.07** | **-767.03** |
| IV | (i). ROCE @ 15% till 2006-07 & @16% thereafter on re-payment of loan by VOCPT 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 | 1634.89 |
| | (ii). Capital Employed of dredging on berth No.VIII | 4091.32 | 4509.12 | 4434.40 | 4359.68 | 4284.96 | 4210.24 | 4135.52 | | 4060.80 | 3986.08 | |
| | (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 | 637.77 | 1287.50 |
| | **Total Return** | **914.12** | **1535.67** | **1555.13** | **1584.30** | **1556.17** | **1529.03** | **1501.90** | **10176.33** | **1474.76** | **1447.63** | **2922.39** |
| V | **Surplus/ deficit after return** | **-1533.76** | **-3892.64** | **-3738.25** | **-3866.25** | **-3780.76** | **-3665.28** | **-3550.98** | **-24027.92** | **-3446.86** | **-242.56** | **-3689.42** |
| 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** | | | | | | | | **-2889.89** | | | |

| | | |
|---|---|---|
| A | Total deficit remaining for the past period 2002-03 till 2010-11 | -2889.89 |
| B | Revenue requirement in the year 2011-12 to 2012-13 | -3689.42 |
| C | Sum of A + B | **-6579.32** |
| | Revenue Surplus in the general cargo activity for the years 2011-12 and 2012-13 | 4543.55 |
| | Surplus in the estate activity for the years 2008-09 and 2009-10 | 378.87 |
| | Balance can be met from modifications approved and revision in estate revision which is to be approved | -1656.90 |

ANNEX - III

# V.O. Chidambaranar Port Trust
## Scale of Rates

## CHAPTER – I

### 1.1. Definitions - General

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

(i). **"Coastal vessel"** shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.

(ii). **"Cold move"** shall mean the movement of the vessel without the power of the engine of the vessel.

(iii). **"Day"** shall mean the period starting from 6 a.m. of a day and ending at 6 a.m. on the following day.

(iv). **"Foreign-going vessel"** shall mean any vessel other than coastal vessel.

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

(vi). **"Hirer"** shall mean all users of the port using any of the appliances of the port.

(vii). **"Month"** shall mean the period from 1st to end of the calendar month.

(viii). **"Port"** means both Zone A and Zone B of the Port of Tuticorin. Zone 'A' of the Port shall comprise of all the area other than area in Zone 'B'. Zone 'B' shall comprise the area falling within the limits notified in G.S.R. No.306 (E) in Part II - Section 3 (i) of Gazette of India (Extraordinary), dated 31st March 1979.

(ix). **"Sailing vessels"** shall mean vessels propelled solely by wind power and includes vessels fitted with mechanical means of propulsion.

(x). **"Sea going Steam vessels"** shall mean sea-going vessels other than sailing vessels.

(xi). **"Shift"** shall mean shift of 8 hours as applicable to port employees.

(xii). **"Shut out cargo"** means, cargo meant for shipment as per the Shipping Documents not taken by Master of a vessel for want of space or draft restriction in part or in full or due to cancellation of the nominated vessel and taken back without being exported. Damaged cargoes and cargo rejected by Surveyors of Shippers, shall not be treated as "Shut out Cargo".

(xiii). **"Trip"** shall mean, movements from one point to another in one direction only. In Zone **'**B**',** service from shore to anchorage shall be treated as one trip**,** and from anchorage to shore shall be treated as another trip**.** Ship to ship service shall also be treated as one trip. In other words, service to and fro i.e. from one point to another and back shall be counted as two trips.

### 1.2. General Terms & Conditions

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

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

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

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

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

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

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

(b). Container related charges denominated in US dollar terms shall be collected in equivalent Indian Rupees based on the Market Buying Rate prevalent on the date of entry of the vessel in case of import containers; and on the date of arrival of the containers into the port in case of export containers.

(iv). A regular review of exchange rate shall be made once in thirty days from date of arrival of the vessels in cases of vessels staying in the port for more than thirty days. In such cases, the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

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

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

(vi). Interest on delayed payments / refunds:

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

(b). The rate of penal interest will be 16.25%.

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

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

(vii). Aggregate of all payable bills (including demurrage) payable on cargo handling charges on one consignment shall be subject to a minimum of ₹50/-.

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

(ix). No refund shall be made unless the amount refundable is ₹50/- or more. Similarly, short collection upto ₹50/- will not be demanded by the Port.

(x). Every requisition for availing the services of craft/equipment/tools & plant shall be accompanied by the hire charges in advance.

(xi). The hire of floating craft, equipment and tool and plant to the public is not guaranteed normally by the port. The craft/equipment/tool and plant shall be hired out only if available. The VOCPT shall not be responsible to the hirer or any person for any loss or damage or injury to life or property arising directly or in-directly from the use of craft/equipment/tool and plant of any sort or any damage which may occur as a result of non-supply or delay in supply or by the use of the craft/equipment/tool and plant of the port or due to failure of the craft/equipment/tool and plants at any stage during the period of hire. The hirer shall keep the crafts/equipments in good order and condition and shall be liable for any damage caused to the crafts/equipment/tools and plants during the subsistence of hire and shall make good all damages, whether by accident, by fire or otherwise. The hirer shall indemnify the port and against all loss or damage or injury to life arising directly or indirectly from the use of the craft/equipment/tool and plants during the period of hire to any property belonging to the Board including the crafts/equipment/tools and plants under hire or to any other person or property or break down or any demurrage incurred on cargo. The liability of the hirer shall not be affected by the fact that such loss or damage or injury to life may have arisen due to any act or default of any employee of the port. The hirer shall also indemnify the port for all liabilities under the Workmen's Compensation Act.

(xii). The cost of repairing the damage sustained by the craft/equipment/tools and plants or appliances or parts thereof that might be broken, missing or specially damaged or lost during the period of hire shall be that actually incurred for the purpose by the VOCPT including the usual indirect charges, centage charges. The cost of replacements, if necessary of a part or in full of the craft/equipment/tools and plants will be either the book value or the current market value whichever is higher.

(xiii). In case of damages to crafts, equipment, tools and plants, the hirer shall deposit anticipated amount for all such charges for damages as assessed by the VOCPT immediately on receipt of the demand, pending determination of the actual charges and in case of total loss the hirer shall deposit the book value or market value of the crafts or appliances or properties of the VOCPT whichever is higher. If the damage cost is not paid within the time stipulated, the same will be adjusted from any dues payable to the Agencies concerned.

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

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

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

(d). In case of container related charges, the concession will be applicable on all the relevant charges for ship-shore transfer, and transfer from / to quay to / from storage yard as well as wharfage on cargo and containers.

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

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

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

(b). The port may also, if they so desire rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the users in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.

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

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

## CHAPTER – II
## VESSEL RELATED CHARGES

### 2.1. SCHEDULE OF PORT DUES:

| Sl. No. | Particulars | Rate per GRT | | Frequency of payment in respect of the same vessel | |
|---|---|---|---|---|---|
| | | Coastal vessel (in ₹) | Foreign - going vessel (in US$) | Coastal vessel | Foreign - going vessel |
| 1. | Ships/steamers | 5.25 | 0.2014 | Port dues payable once in 30 days. | The due is payable on each entry into the port |
| 2. | Sailing vessel | 2.63 | 0.1007 | | |

**Notes:**

(1). Port Dues shall be collected based on the GRT of the vessel. Deck Cargo shall be exempted from assessment of Port Dues.

(2). For oil tankers with segregated ballast, the reduced gross tonnage that is indicated in the “Remarks” column of its International Tonnage Certificate will be taken to be its gross tonnage for the purpose of levying Port Dues.

(3). No Port Dues shall be levied in respect of the following:

(i). Vessels belonging to other Indian Ports; or

(ii). any pleasure yachts; or

(iii). any vessel which having left this port is compelled to re-enter it by stress of weather or in consequence of having sustained any damage.

(4). A vessel entering the port but not discharging or taking in any cargo or passengers therein (with the exception of such unshipment/reshipment as may be necessary for purposes of repair) shall be charged with only 50% of the Port Dues with which she would otherwise be chargeable.

(5). A vessel entering the port in ballast and not carrying passengers shall be charged with only 75% of the Port Dues with which she would otherwise be chargeable.

(6). A LASH vessel making a ‘second call’ to pick up empty and / or laden fleeting LASH barges shall be treated as vessel entering a Port, but not discharging or taking any cargo or passenger therein, and shall not be charged any Port Dues.

(7). The non-commercial vessels, fishing vessels and craft shall be exempted from the payment of Port Dues.

(8). A coastal vessel, which after paying 50% of the Port Dues as per provisions prescribed at 4 above, re-enters the port within the period of exemption with cargo or passengers or in ballast shall be charged the difference viz., 50% of the Port Dues previously conceded.

(9). A coastal vessel, which, after paying 75% of Port Dues as per provisions prescribed at 5 above, re-enters the port within the period of exemption with cargo or passengers or in ballast shall be charged the difference, viz., 25% of the Port Dues previously conceded.

### 2.2.1. SCHEDULE OF PILOTAGE FEES

**The rate specified below is for Zone A**

| Sl. No. | Size of vessel | Rate per GRT | |
|---|---|---|---|
| | | **Coastal vessel (in ₹)** | **Foreign-going vessel (in US $)** |
| 1. | Upto 10,000 GRT. | 7.11 | 0.2728 |
| 2. | 10,001 - 15,000 GRT. | 7.36 | 0.2822 |
| 3. | 15,001 - 20,000 GRT. | 7.62 | 0.2924 |
| 4. | 20,001 – 25,000 GRT. | 7.89 | 0.3027 |
| 5. | 25,001 – 30,000 GRT. | 8.16 | 0.3129 |
| 6. | Above 30,001 | 8.43 | 0.3232 |
| The Pilotage fee prescribed above is subject to a minimum charge of ₹13,737.00 per ship in case of coastal vessel and US$ 526.80 per ship in case of foreign-going vessel. | | | |

**Notes:**

(1). Pilotage fee shall include services of the Port's pilot (s) for pilotage of vessels; and, provision of required number of tug/tugs, launch/s of adequate capacity for inward and outward movement and shifting of vessel for port convenience.

(2). Pilotage Fees shall be collected based on the GRT of the vessel. Deck Cargo shall be exempted from assessment of Pilotage Fees.

### 2.2.2. MISCELLANEOUS PILOTAGE FEES

| Sl. No. | Particulars | Rates | |
|---|---|---|---|
| | | **Coastal vessel (in ₹)** | **Foreign-going vessel (in US $)** |
| 1. | Fishing Trawlers (Minimum charges per trawler) | 2375.05 | 91.0813 |
| 2. | Mooring a vessel outside the harbour when it does not enter or leave it. | 25% of the rate prescribed in schedule 2.2.1 subject to a minimum of ₹5427.60 | 25% of the rate prescribed in schedule 2.2.1 subject to a minimum of US$ 208.145 |
| 3. | Shifting and re-mooring or for turning a vessel around in her berth for special services viz., bunkering, supply of fresh water, repair, etc., | 20% of the rate prescribed in schedule 2.2.1 subject to a minimum of ₹4042.35 | 20% of the rate prescribed in schedule 2.2.1 subject to a minimum of US$ 155.021 |
| 4. | Pilots whose services have been requisitioned but not utilised after the pilot has boarded a vessel. | 25% of normal Pilotage charges subject to a minimum of ₹3,434 minimum of ₹3,434 | 25% of normal Pilotage charges subject to a minimum of US $131.70 |

| | | | |
|---|---|---|---|
| 5. | Detention Charges beyond 30 minutes after the pilot boards the vessel and is kept waiting on board the vessel.<br><br>(i). For first hour or part of an hour<br><br>(ii). For every subsequent hour or part thereof | <br><br><br><br>1442.55<br><br>492.25 | <br><br><br><br>55.3214<br><br>18.8775 |
| 6. | Compensation fees for on carriage of Pilot. | 169.85 | 6.5132 |

**Notes:**

(1). The charges prescribed at serial number (4) in the schedule shall be levied not only in cases of cancellation of requisitions for inward and outward pilotage of vessels; but, also for the cancellation of requisitions for shifting of berth of vessel and remooring or for turning a vessel around in her berth or for remooring a vessel in the same berth due to position of heavy lifts or for any other reasons.

(2). The charges prescribed at serial number (4) shall, however, not be levied in the following cases:

(i). Cancellations received at least one hour before the Pilot's appointed boarding time of the vessel.

(ii). Cancellation caused for reasons attributable to the port.

(3). In the event of a vessel carrying a pilot outside the port limits for unavoidable reasons the master shall be bound to leave the pilot at the next nearest port and the master, owner or his representative shall be responsible for the repatriation and all connected formalities thereof and shall also be liable to pay all expenses incurred in the matter of boarding, lodging, other reasonable expenses and the repatriation of the pilot thus over carried. In addition, compensation at the rates prescribed at serial number (6) in the schedule shall be payable by the master of the vessel till the pilot reports back to duty at the port.

**2.2.3. Shifting Charges**

**(I) Shifting between berths in South Break Water / North Break Water**

| Sl. No. | Size of vessel | Rate per GRT | |
|---|---|---|---|
| | | Coastal vessel (in ₹) | Foreign-going vessel (in US $) |
| 1. | Upto 10,000 GRT. | 1.98 | 0.0758 |
| 2. | 10,001 - 15,000 GRT. | 2.05 | 0.0784 |
| 3. | 15,001 - 20,000 GRT. | 2.12 | 0.0812 |
| 4. | 20,001 – 25,000 GRT. | 2.19 | 0.0841 |
| 5. | 25,001 – 30,000 GRT. | 2.27 | 0.0869 |
| 6. | Above 30,001 | 2.34 | 0.0898 |

**(II) Shifting between berths from South Break Water to North Break Water or Vice versa.**

| Sl. No. | Size of vessel | Rate per GRT | |
|---|---|---|---|
| | | Coastal vessel (in ₹) | Foreign-going vessel (in US $) |

| | | | |
|---|---|---|---|
| 1. | Upto 10,000 GRT. | 3.95 | 0.1516 |
| 2. | 10,001 - 15,000 GRT. | 4.09 | 0.1568 |
| 3. | 15,001 - 20,000 GRT. | 4.24 | 0.1625 |
| 4. | 20,001 – 25,000 GRT. | 4.38 | 0.1682 |
| 5. | 25,001 – 30,000 GRT. | 4.53 | 0.1739 |
| 6. | Above 30,001 | 4.68 | 0.1796 |

**General notes relating to Schedule 2.2.1., 2.2.2. and 2.2.3.**

(1). (i). For piloting a vessel on cold move, 100% of the applicable pilotage fee will be levied if both inward and outward movements are cold move in addition to the normal pilotage fee. In case only one movement is cold, then 50% of the applicable pilotage fee will be levied in addition to the normal pilotage fee.

(ii). For shifting a vessel on cold move, 100% of the applicable shifting charge shall be leviable in addition to the normal shifting charge.

(2). Shifting a vessel from any berth to outer anchorage shall mean completion of pilotage act; on re-entry by the vessel under the same port entry, pilotage fees afresh shall be payable as prescribed under the Schedule.

(3). No charges shall be levied for shifting of a vessel for port convenience.

(i). "Port convenience" is defined to mean the following:

(a). If a working cargo vessel at berth or any vessel at mooring is shifted/ in berthed for undertaking dredging work/ hydrographic survey work or for allotting a berth for the dredger or for attending to repairs to berths, maintenance and such other similar works whereby shifting is necessitated, such shifting shall be considered as "SHIFTING FOR PORT CONVENIENCE". The shifting made to reposition such shifted vessel shall also be considered as "SHIFTING FOR PORT CONVENIENCE ".

(b). If a working cargo vessel is shifted from berth to accommodate on ousting priority vessels which are exempted from bearing shifting charges, such shifting shall be treated PORT CONVENIENCE.

(c). Whenever a vessel is shifted to accommodate another vessel which can not be berthed at other berths due to draft and LOA restrictions such shifting shall be considered as "SHIFTING FOR PORT CONVENIENCE".

(d). Whenever a vessel is shifted to accommodate another vessel having priority at the adjacent berth and unless that vessel shifts, another vessel can not be berthed at the adjacent-berth due to length restrictions, such shifting shall also be considered as "SHIFTING FOR PORT CONVENIENCE".

(e). Whenever a vessel is shifted from berths to accommodate another vessel carrying hazardous cargo which needs adjacent-berth to be kept vacant for safety reasons such shifting shall also be considered as " SHIFTING FOR PORT CONVENIENCE ".

(f). Shifting a vessel from deeper draft berth to lower draft berth in VOC wharf to accommodate the first waiting vessel requiring deeper draft berth provided no other vessel requiring lower draft berth waits, in the queue shall also be considered as “SHIFTING FOR PORT CONVENIENCE”

(ii). Whenever a vessel is shifted from berth to accommodate another vessel on ousting priority, the vessel shifted is exempted from the payment of shifting charges since the same is paid by the vessel enjoying the ousting priority or the shifting is treated as for PORT CONVENIENCE when the priority vessel is exempted from payment of such charges. This benefit will, however, not be applicable in the following cases:

(a). Non-cargo vessel which in any case have to vacate the berth when cargo vessels arrive.

(b). Vessels using the berth exclusively for overside loading/discharge.

(c). Vessels which are idling at berth without doing any cargo handling operations.

(4). In respect of "priority berthing / ousting priority" to any vessel, the charges for "shifting in" and "shifting out" shall be levied at the rate applicable to one pilotage act.

(5). Shifting from deeper draft berth to lower draft berth and vice versa in respect of any vessel shall be carried out only on priority / ousting priority request from the steamer agent / the master of the next vessel in the queue for berthing. The charges payable shall be equivalent to one pilotage act as prescribed in the schedule. When the working vessel is to complete loading/ unloading and is ready for sailing out within 24 hours from the time the request for ousting priority from the vessel is received, the former vessel will not be shifted unless vacant berths are available for completing the handling of the former vessel.

(6). Ousting priority shall mean ousting a working vessel in a berth or jetty and berthing another vessel asking for such ousting permission in view of the following:

(i). Warranted by the hazardous nature of the cargo and dock safety requirements.

(ii). The time schedule in the voyage is to be kept up by vessel carrying foodgrains for public consumption and fuel, oil and coal meant for consumption by public utility services, viz., thermal power plants, Government companies dealing in manufacturing, refining and or distribution of such products.

(iii). As directed by the Government from time to time in this regard.

(7). In cases of ousting priority, over and above the pilotage fees leviable on the vessel availing the benefit of such ousting, additional pilotage fees equivalent to the pilotage fees for the vessel so ousted shall be leviable from the former.

(8) Full pilotage charges will be levied when ousted vessel is shifted to anchorage. If ousted vessel is shifted to other berths, shifting charges as applicable for the ousted vessels shall be levied as per Scale of Rates. The vessel availing the benefit of ousting priority shall be liable to pay the additional pilotage / shifting fee prescribed in this note.

(9). The decision to shift a vessel to outer anchorage or any other berth on account of its non-performance shall be taken by the Chairman (VOCPT). The following charges shall be levied for shifting of a vessel to outer anchorage /any other berth on account of its non performance:

(i). In case a vessel is shifted to outer anchorage pilotage fee as prescribed in Schedule 2.2.1 shall be levied on re-entry of the vessel under the same port entry.

(ii). In case a vessel is shifted to berths I to VI or between Coal Jetty I and II and Oil Jetty, 25% of the pilotage fees prescribed in Schedule 2.2.1 shall be levied.

(iii). If a vessel shifted from Coal jetties and Oil Jetty to berth nos. I to VI and vice versa, 50% of the pilotage fee prescribed in Schedule 2.2.1 shall be levied.

(10). Only in cases of any extra-ordinary circumstances and in cases which are not specifically provided in the Scale of Rates, Chairman, Port Trust may decide whether the movement of a vessel is for port / Agent's convenience.

## 2.3. SCHEDULE OF TUG HIRE FEES

| Sl. | Particulars | Unit | Rates |
|---|---|---|---|

| No. | | | Coastal vessel (in ₹) | Foreign–going vessel (in US $) |
|---|---|---|---|---|
| 1. | Harbour tugs of more than 10 Ton Bollard Pull engaged for towing barges, lighters, etc., and for services other than berthing, unberthing, shifting, mooring and remooring. | | | |
| | (i). Within inner Harbour. | Per tug per hour or part thereof | 2849.45 | 109.2747 |
| | (ii). When engaged within port limits. | -do- | 5698.90 | 218.5504 |
| | (iii). When engaged for salvage work within the port limits. | -do- | 8904.70 | 341.4899 |
| | (iv). When engaged for salvage work outside the port limits. | -do- | 11,397.55 | 437.0893 |
| 2. | Hire charges for Tugs, Launches and other Harbour Craft | | | |
| | (i). Pilot Launches | For hour or part thereof | 1141.20 | 43.7646 |
| | (ii). Mooring Launches | -do- | 713.25 | 27.3524 |
| | (iii).Tugs below 10 Tonnes Bollard Pull | -do- | 855.90 | 32.8225 |
| | (iv). Dumb Barge. | -do- | 218.50 | ₹364.20 |
| | (v). Mooring Boats. | -do- | 252.70 | ₹421.20 |
| | (vi). Tugs of 10 Tonnes Bollard pull | -do- | 2609.00 | 100.0540 |
| 3. | Additional tug charge for towage of each lighter or sailing vessel in any one direction | Per tug per hour or part thereof | 228.30 | 8.7552 |
| 4. | Tug hire charges when requisitioned but not utilised or delayed (applicable for all tugs irrespective of their capacity). | | | |
| | (i). Non-utilisation of the tug by the hirer for any reason, other than those exceptional circumstances under which the hirer has no control and is not at fault and the tug released within one hour from the time of reporting for assigned work. | Per tug | 1424.70 | 54.6374 |
| | (ii). In the case of the tug being delayed by the hirer beyond one hour from the time the tug has reported for work due to reasons other than exceptional circumstances under which the hirer has no control and is not at fault.<br><br>(a). For first one hour.<br>(b). For every additional half an hour or part thereof. | <br><br>Per tug<br>Per tug | <br><br>2849.45<br>1159.00 | <br><br>109.2747<br>44.4477 |
| 5. | Cancellation charges in respect of floating craft mentioned in Sl. No. 2 above, whose services have been requisitioned but not utilised or delayed.<br>If cancellation was done without giving 3 hours Notice.<br>(i). Launch (Flat Rate).<br>(ii). In respect of Tug.(Flat Rate). | <br><br>Per tug<br>Per tug | <br><br>228.30<br>456.60 | <br><br>8.7552<br>17.5104 |

**Notes:**

(1). Tug service shall be provided as part of the pilotage service (without any charge) on requisition from Master/Owners, Agents of vessels for purposes of berthing, un-berthing, shifting, mooring, re-mooring and all connected works. Tug service provided as part of shifting service shall also be without any charge.

(2). The tug hire charges in respect of items (iii) and (iv) in serial number (1) includes the cost of ration to the crew, the services of the crew and the victualling of the officers deputed for salvage or other operations; but, excludes the cost of insurance plus incidental charges at 20 percent of the insurance premium which will also be recovered in addition to the rates prescribed.

(3). (i). If cancellation in respect of floating craft specified in serial number 2 is done without giving two hours notice, hire charges for one hour at the rates applicable to the particular craft shall be levied.

(ii). In the case of delay on the part of the port user in utilising the craft specified in serial number 2 from the time of requisition, the actual hire charges as prescribed for the particular craft shall be levied from the time indicated in the requisition.

(4). Additional fees of 50 percent of the charges otherwise leviable shall be recovered for work performed on Sundays and port non-operating days or between the hours of 6.00 p. m. and 6.00 a. m. In the case of Zone 'B' no charges shall be levied for the work performed between the hours of 6.00 p.m. and 6.00 a.m. on port working days.

(5). The VOCPT may, at its discretion, hire out the floating craft outside the port limits at the rates prescribed above.

## 2.4. BERTH HIRE FEES

### 2.4.1. SCHEDULE OF BERTH HIRE CHARGES

| Sl. No. | Particulars | Rate per GRT per hour or part thereof | |
|---|---|---|---|
| | | Coastal vessel (in ₹) | Foreign- going vessels (in US $) |
| 1. | Upto and inclusive of 3,000 GRT | 0.075 subject to a minimum of ₹148.60 | 0.0029 subject to a minimum of US $ 5.6981 |
| 2. | 3,001 to 10,000 GRT | 0.050 subject to a minimum of ₹226.85 | 0.0019 subject to a minimum of US $ 8.70 |
| 3. | 10,001 to 15,000 GRT | 0.065 | 0.0025 |
| 4. | 15,001 to 20,000 GRT | 0.080 | 0.0031 |
| 5. | 20,001 to 25,000 GRT | 0.110 | 0.0042 |
| 6. | 25,001 to 30,000 GRT | 0.120 | 0.0046 |
| 7. | 30,001 GRT and above | 0.130 | 0.0050 |

### 2.4.2. SCHEDULE OF BERTH HIRE CHARGES FOR OTHER VESSELS

| Sl. No. | Particulars | Unit | Rate per hour or part thereof | |
|---|---|---|---|---|
| | | | Coastal vessel (in ₹) | Foreign-going vessels (in US $) |
| 1. | Non-commercial vessels like tugs and barges | Per vessel per hour or part thereof | 15.10 | ₹25.18 |
| 2. | Craft registered under the Harbour Craft Rules of V.O. Chidambaranar Port Trust. | -do- | 0.70 | ₹1.19 |
| 3. | Other Crafts | -do- | 1.00 | ₹1.66 |
| 4. | Additional Berth Hire Charges after expiry of time given by the Deputy Port Conservator, to vacate the berth. (notice given atleast 12 hours in advance) | | | |
| | (i). For the first 12 hours | Per hour or part thereof | 1187.10 | 45.524 |
| | (ii). For the next 12 hours | -do- | 2375.30 | 91.092 |
| | (iii). Thereafter | -do- | 3562.40 | 136.616 |
| 5. | (i). Charges for the Lash vessels during the process of operations of loading or unloading of cargo. | Per hour or part thereof | 15.05 | 0.5774 |
| | (ii). For barges waiting at safe fleeting area | -do- | 5.00 | 0.1915 |
| 6. | Berthing fees on sailing vessels and sea-going steam vessels coming alongside the wharves at Zone 'B' of the V.O. Chidambaranar Port. | | | |
| | (i). Sailing vessels other than lighters. | Per GRT per hour or part thereof | 0.10 | 0.0040 |
| | (ii). Sea going steam vessels. | Per vessel / | 10.65 | 0.4073 |

| | | | | |
|---|---|---|---|---|
| | | per hour or part thereof | | |
| 7. | Fishing Vessels (Trawlers / Boats) | | | |
| | (i). at finger jetty. | Per vessel / per hour or part thereof | 12.40 | 0.4760 |
| | (ii). at VOC wharf and additional berth. | - do - | 19.50 | 0.7465 |
| 8. | Double banking | In respect of a vessel which is double banked with another vessel occupying a berth it will be charged half of the Berth hire charges specified at schedule 2.4.1 and 2.4.2 | | |
| **Note on Sl. No. 7:**<br>Any vessel which continues to occupy any berth after the expiry of the time given by the Deputy Conservator/Traffic Manager to vacate the berth (notice of which had been given at least (12 hours in advance) shall pay additional berth hire charges at the following rates: -<br>(i). For the first two days – At four times the rate of berth hire charges for authorised occupation.<br>(ii). For third day and for subsequent days - At six times the rate of berth hire charges for authorised occupation.<br>(iii). The additional berth hire charges shall be in addition to normal berth hire charges payable under the schedule. | | | | |

**Notes:**

(1). The period of hour shall be calculated from the time the vessel occupies berth.

(2). Berth hire shall stop 4 hours after the time of the vessel signaling its readiness to sail. The time limit prescribed for cessation of berth hire shall exclude the ship's waiting time for want of favourable tidal conditions. There shall be a penal berth hire equal to berth hire charges of one day berth hire charge for a false signal.

(3). Vessel berthed at additional berths, finger jetty and shallow water berth and any other berth where wharf crane facility is not made available by the VOCPT, a rebate of 20% of the applicable berth hire charges will be allowed.

(4). All Tankers carrying oil, petroleum products, chemicals in bulk, lube base stock in bulk shall be charged berth hire charges at 125% of the charges applicable to relative classification.

(5). Ousting Priority/Priority Berth Hire Charges:

(i). For providing the priority berthing to any vessel, a fee equivalent to berth hire charges for 24 hours or 75 % of the berth hire charges calculated for the total period of actual stay at the berth, whichever is higher shall be levied.

(ii). For providing the ousting priority to any vessel, a fee equivalent to berth hire charges for 24 hours or 100% of the berth hire charges calculated for the total period of actual stay at the berth whichever is higher, shall be levied.

(6). When a vessel is shifted from V.O.C wharf to additional berth during the duration of every one hour of stay, berth hire charges as applicable to V.O.C wharf shall continue to be applied till the expiry of that hour. Thereafter, the rates as applicable to additional berths shall be levied. The same principle shall be applied when a vessel is shifted from additional berth to VOC wharf.

(7). Charges on lash vessels/ barges.

(i). If the mother vessel is berthed alongside a wharf, all the charges as applicable to other vessels shall be recoverable.

(ii). If the mother vessel is anchored at outer anchorage within the port limits, Port dues alone shall be levied.

(iii). If anchored at inner anchorage, all applicable vessel-related charges excluding berth hire shall be recovered.

(iv). The charges for towing of barges will be recovered as per the rates prescribed for the craft used.

(8). One day Berth Hire Charges is chargeable as the minimum charges for cancellation of services requisitioned. This will include amendment to Berthing Schedule, cancellation of Berthing, amendment to Computer entry in the system for E-booking etc.

(9). No berth hire shall be levied for the period when the vessels idle at its berths due to break down of port equipment or power failure or any other reasons attributable to the port.

(10). If a vessel idles at berth without deployment of labour gang after lapse of four hours of berthing, Penal berth hire charges as prescribed in Sl.No.4 of the above schedule of Berth Hire charges will be levied. Penal berth hire will not apply if such idling is on account of inability of the port to provide the labour gang requisitioned.

## 2.5. SPECIAL RATE FOR CAPITAL DREDGING

| 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 and Berth No.IX | 30% of the applicable Port Dues, Pilotage and Berth hire charges. |
| 2. | On vessels using Container Berth (Berth No.7) | (i). 15% of the applicable Port Dues<br>(ii). 15% of the applicable Pilotage.<br>(iii). 30% of the applicable Berth hire charges. |

**Note:**

(1). The special rate for capital dredging will automatically cease to be levied from 1 April 2013.

## 2.6. CHARGES FOR SUPPLY OF WATER TO SHIPPING

| Sl. No. | Particulars | Unit | Rate | |
|---|---|---|---|---|
| | | | Coastal vessels (in ₹) | Foreign - going vessels (in US$) |
| 1. | Water supplied to ships at the Wharf. | Per 1000 Liters or part thereof | 78.90 subject to a minimum of ₹1607.70 | 3.0267 subject to a minimum of US$ 61.655 |
| 2. | Water supplied by water barge. | - do - | 157.85 | 6.0534 |
| 3. | Charges for the use of water barge. | Per Trip | 11005.55 | 422.0565 |
| 4. | Cancellation charges when a water barge is ordered but, not cancelled in writing within 6 hours prior to the time of commencement of services. | Per barge | 730.80 | 28.025 |
| 5. | Detention charge for the water barge detained beyond the period of one day i.e. 24 hours. | Per 8 hours and part thereof | 2477.20 | 95.00 |

**Notes:**

(1). Charges for supply of water by water barge is inclusive of all incidental charges, which the port may have to incur on this account.

(2). The charges for water supply by water barge will be on the full capacity of the barge irrespective of the quantity of water actually supplied.

(3). In addition to the charges specified for serial number (3) above, Tug Hire and other incidental charges shall be levied as per the rates specified for the same in the Scale of Rates.

## 2.7. ANCHORAGE FEES

The following charges shall be levied as anchorage fee for stay of vessel (ship or steamer, sailing vessel, tugs, launches or other marine crafts) in the port waters within the notified port limits:

### 2.7.1. Schedule of Anchorage charges

| Sl. No. | Particulars | Rate per GRT per hour or part thereof | | | |
|---|---|---|---|---|---|
| | | For stay of vessel in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking | | For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O. Chidambaranar Port Trust. | |
| | | Coastal vessels (in ₹) | Foreign - going vessels (in US$) | Coastal vessels (in ₹) | Foreign - going vessels (in US$) |
| 1. | Upto and inclusive of 3,000 GRT | 0.0151 subject to a minimum of ₹29.75 | 0.00058 subject to a minimum of US $1.14 | 0.0060 subject to a minimum of ₹12.00 | 0.00023 subject to a minimum of US $0.46 |
| 2. | 3,001 to 10,000 GRT | 0.0099 subject to a minimum of ₹45.37 | 0.00038 subject to a minimum of US $1.74 | 0.0040 subject to a minimum of ₹18.25 | 0.00015 subject to a minimum of US $ 0.70 |
| 3. | 10,001 to 15,000 GRT | 0.0130 | 0.00050 | 0.0052 | 0.00020 |
| 4. | 15,001 to 20,000 GRT | 0.0161 | 0.00062 | 0.0065 | 0.00025 |
| 5. | 20,001 to 25,000 GRT | 0.0219 | 0.00084 | 0.0086 | 0.00033 |
| 6. | 25,001 to 30,000 GRT | 0.0240 | 0.00092 | 0.0096 | 0.00037 |
| 7. | 30,001 GRT and above | 0.0260 | 0.00100 | 0.0104 | 0.00040 |
| 8. | Double Banking | In respect of a vessel which is double banked with another vessel occupying a berth it will be charged half of the anchorage charges specified in the above schedule. | | | |

### 2.7.2. Schedule of Anchorage charges for other vessels

| Sl. No. | Particulars | Unit | Rate per hour or part thereof | | | |
|---|---|---|---|---|---|---|
| | | | For stay of vessel in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking | | For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O. Chidambaranar Port Trust. | |
| | | | Coastal vessels (in ₹) | Foreign - going vessels (in US$) | Coastal vessels (in ₹) | Foreign - going vessels (in US$) |
| 1. | Non-Commercial vessels like tugs and barges | Per Vessel per hour or part thereof | 3.78 | ₹6.30 | 1.50 | ₹2.50 |
| 2. | Craft registered under the Harbour Craft Rules of V.O. Chidambaranar Port Trust | -do- | 0.18 | Re. 0.30 | 0.07 | Re. 0.12 |
| 3. | Other Crafts | -do- | 0.25 | Re. 0.4 | 0.10 | Re. 0.17 |
| 4. | (i). Charges for the Lash vessels during the process of operations of loading or unloading of cargo. | Per hour or part thereof | 3.75 | 0.1443 | 1.50 | 0.0577 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | (ii). For barges waiting at safe fleeting area | -do- | 1.25 | 0.0479 | 0.50 | 0.0192 |
| 5. | Berthing fees on sailing vessels and sea-going steam vessels coming alongside the wharves at Zone 'B' of the V.O. Chidambaranar Port. | | | | | |
| | (i). Sailing vessels other than lighters. | Per GRT per trip. | 0.20 | 0.0080 | 0.08 | 0.0032 |
| | (ii). Sea going steam vessels. | Per vessel / per hour or part thereof | 2.65 | 0.1018 | 1.05 | 0.0407 |
| 6. | Fishing Vessels (Trawlers / Boats) | | | | | |
| | (i). at finger jetty. | Per vessel / per hour or part thereof | 3.10 | 0.1190 | 1.25 | 0.0476 |
| | (ii). at VOC wharf and additional berth. | -do- | 4.85 | 0.1866 | 1.95 | 0.0746 |
| 7. | Double banking | In respect of a vessel which is double banked with another vessel occupying a berth, it will be charged half of the anchorage charge specified in the above schedule | | | | |

**Note:**

(1). Anchorage fees will be for stay of vessels for more than 12 hours

**2.8. Schedule of Lighterage Operation fee in respect of vessels at anchorage:**

| Sl. No. | Particulars | Rate per GRT per hour or part thereof | |
|---|---|---|---|
| | | **Coastal vessels (in ₹)** | **Foreign - going vessels (in US$)** |
| 1. | Upto and inclusive of 3,000 GRT | 0.0151 subject to a minimum of ₹29.75 | 0.00058 subject to a minimum of US $1.14 |
| 2. | 3,001 to 10,000 GRT | 0.0099 subject to a minimum of ₹45.37 | 0.00038 subject to a minimum of US $1.74 |
| 3. | 10,001 to 15,000 GRT | 0.0130 | 0.00050 |
| 4. | 15,001 to 20,000 GRT | 0.0161 | 0.00062 |
| 5. | 20,001 to 25,000 GRT | 0.0219 | 0.00084 |
| 6. | 25,001 to 30,000 GRT | 0.0240 | 0.00092 |
| 7. | 30,001 GRT and above | 0.0260 | 0.00100 |
| 8. | Double Banking | In respect of a vessel which is double banked with another vessel occupying a berth it will be charged half of the above charges specified in the above schedule. | |

**Notes**:

(1). The facility is available to deep draught vessels carrying coal, food grains and pulses arriving with a draught of more than 10.7 metres which after lightening to a draught of 10.7 or 9.3 metres, as the case may be, will be handled at the berth.

(2). The facility is subject to the Steamer Agent obtaining Environmental Clearance and furnishing Mercantile Marine Department's certificate regarding safety of vessels used for lighterage and carrying passengers.

(3). The barges carrying lightered cargo will be permitted to be berthed at Zone'A' only subject to availability of berth.

(4). The lightered cargo can be handled in Zone'B' also subject to payment of vessel related charges and wharfage charges as per Port SOR in respect of vessel/barges carrying such lightered cargo to Zone-B.

(5). For Pulses and Food grains if the berth No.8 is occupied and Port could not allot berth to the vessel, anchorage operations would be allowed till the vessel reaches 9.3 m draught or till such time that berth No.8 is available whichever is earlier.

(6). The Barges used for lightering the cargo if berthed in 'Easter Arm' and lash Jetty for handling of lightered cargo, the berth hire will be at 80% of the Normal rate.

## CHAPTER – III

## CARGO RELATED CHARGES

### 3.1. SCHEDULE OF WHARFAGE DUES

| Sl. No. | Particulars | Unit of Charge | RATES (in Rupees)*** | | | |
|---|---|---|---|---|---|---|
| | | | Zone A | | Zone B | |
| | | | Foreign | Coastal | Foreign | Coastal |
| 1. | ANIMALS AND ANIMAL PRODUCTS | Each | 57.00 | 34.20 | 28.00 | 16.80 |
| 2. | **CASHEW, FRUITS, NUTS, TAMARIND SEED** | | | | | |
| | (a). Cashew nuts. | 1 M.T. | 30.00 | 18.00 | 24.00 | 14.40 |
| | (b). Cashew Kernels. | 1 M.T. | 41.00 | 24.60 | 34.00 | 20.40 |
| | (c). Tamarind seed. | 1 M.T. | 28.00 | 16.80 | 14.00 | 8.40 |
| 3. | **COAL & COKE** | | | | | |
| | (a). Charcoal in bags/bulk. | 1 M.T. | 28.00 | 16.80 | 12.00 | 7.20 |
| | (b). Steaming (Non-coking Coal) | 1 M.T. | 27.00 | 16.20 | 16.20 | 9.70 |
| | (c). Coal other than Steaming (Non-coking Coal) and coke in bulk | 1 M.T | 30.00 | 18.00 | 18.00 | 10.80 |
| | (d). Coal and Coke handled through Coal Jetty (other than thermal coal). | 1 M.T. | 38.00 | 22.80 | -- | -- |
| | (e). Thermal Coal | 1 M.T. | 38.00 | 38.00 | -- | -- |
| 4. | **COIR/YARN MATS** | 1 M.T. | 42.00 | 25.20 | 21.00 | 12.60 |
| 5. | **CONSTRUCTION MATERIALS** | | | | | |
| | (a). River sand, stone dust, bricks, tiles etc., | 1 M.T. | 18.00 | 10.80 | 12.00 | 7.20 |
| | (b). Granite and Coral Stones. | 1 M.T. | 50.00 | 30.00 | 27.00 | 16.20 |
| | (c). Cement. | 1 M.T. | 35.00 | 21.00 | 18.00 | 10.80 |
| | (d). Clinker. | 1 M.T. | 28.00 | 16.80 | 14.00 | 8.40 |
| | (e). Fly ash | 1 M.T. | 18.00 | 10.80 | 12.00 | 7.20 |
| 6. | **CONTAINERS** | | | | | |
| | (a). Containers of 20 feet (Empty) | Each. | 85.00 | 51.00 | -- | -- |
| | (b). Cargo in Full Container Load 20 feet. | Each. | 425.00 | 255.00 | -- | -- |
| | (c). Containers above 20 feet (Empty) | Each. | 128.00 | 76.80 | -- | -- |
| | (d). Cargo in Full Container Load above 20 feet. | Each. | 638.00 | 382.80 | -- | -- |
| 7. | **COTTON-RAW** | 1 Cum. | 35.00 | 21.00 | 18.00 | 10.80 |
| 8. | **FERTILIZERS** | | | | | |
| | (a). Sulphur and Rock Phosphate | 1 M.T. | 33.00 | 19.80 | 15.00 | 9.00 |
| | (b). MOP, Urea, DAP, SOP and other finished fertilizers. | 1 M.T. | 41.00 | 24.60 | 19.00 | 11.40 |
| 9. | **FOOD GRAINS and FOOD** | | | | | |

| Sl. No. | Particulars | Unit of Charge | RATES (in Rupees)*** | | | |
|---|---|---|---|---|---|---|
| | | | Zone A | | Zone B | |
| | | | Foreign | Coastal | Foreign | Coastal |
| | **PRODUCTS** | | | | | |
| | (a). Rice, Wheat and other foodgrains (raw broken or otherwise) | 1 M.T. | 42.00 | 25.20 | 19.00 | 11.40 |
| | (b). Salt in bags/bulk. | 1 M.T. | 5.00 | 3.00 | 4.00 | 2.40 |
| | (c). Sugar, candy or cube bags/bulk. | 1 M.T. | 42.00 | 25.20 | 32.00 | 19.20 |
| | (d). Cattle Feed/Animal Feed. | 1 M.T. | 12.00 | 7.20 | 6.00 | 3.60 |
| | (e). Maize. | 1 M.T. | 20.00 | 12.00 | 12.00 | 7.20 |
| | (f). Copra cake. | 1 M.T. | 28.00 | 16.80 | 12.00 | 7.20 |
| 10. | **IRON and STEEL MATERIAL and i*ron scrap*** | 1 M.T. | 35.00 | 21.00 | 18.00 | 10.80 |
| 11. | **LIQUID CARGO** | | | | | |
| | (a). Phosphoric acid, Vinyl Chloride and Liquid Ammonia in bulk. | 1 M.T. | 85.00 | 51.00 | -- | -- |
| | (b). Ethylene-di-Chloride. | 1 M.T. | 51.00 | 30.60 | -- | -- |
| | (c). Sulphuric Acid | 1 M.T. | 50.00 | 30.00 | -- | -- |
| | (d). Molasses. | 1 M.T. | 41.00 | 24.60 | -- | -- |
| | (e). Caustic soda lye. | 1 K.L. | 39.00 | 23.40 | -- | -- |
| | (f). Liquefied Petroleum Gas. | 1 Cum. | 118.00 | 70.80 | -- | -- |
| | (g). Other Liquid Cargo not specified. | 1 Cum. | 90.00 | 54.00 | -- | -- |
| | (h). Sludge oil | 1 M.T. | 47.10 | 28.26 | 23.55 | 14.13 |
| 12. | MILITARY GOODS. | 1 M.T. | 57.00 | 34.20 | -- | -- |
| 13. | **OIL** | | | | | |
| | (a). Oil Naphtha. | 1 K.L. | 70.00 | 70.00 | -- | -- |
| | (b). Oil Furnace. | 1 K.L. | 65.00 | 65.00 | -- | -- |
| | (c).Super Kerosene, Diesel, Petrol. | 1 K.L. | 46.00 | 46.00 | -- | -- |
| | (d). Oils-Animals or vegetables. | 1 Cum. | 46.00 | 27.60 | 12.00 | 7.20 |
| | (e). Oils-Minerals other than specified | 1 K.L. | 46.00 | 27.60 | 12.00 | 7.20 |
| 14. | **ORES** | | | | | |
| | (a). Ores and Minerals. | | | | | |
| | (i). For iron ore and iron pellets | 1 M.T. | 19.00 | 19.00 | 12.00 | 12.00 |
| | (ii). Others | 1 M.T. | 19.00 | 11.40 | 12.00 | 7.20 |
| | (b). Bauxite in bulk or bags. | 1 M.T. | 28.00 | 16.80 | 12.00 | 7.20 |
| | (c). Gypsum. | 1 M.T. | 7.00 | 4.20 | 4.00 | 2.40 |
| | (d). Feldspar, Ilmnite Sand/routile, Garnet | 1 M.T. | 19.00 | 11.40 | 12.00 | 7.20 |
| | (e) Copper Concentrate. | 1 M.T. | 55.00 | 33.00 | -- | -- |
| | (f). Copper Anode | 1 M.T. | 55.00 | 33.00 | -- | -- |
| | (g). Copper Slag. | 1 M.T. | 30.00 | 18.00 | -- | -- |
| 15. | TIMBER AND ALLIED PRODUCTS | 1 Cum. | 31.00 | 18.60 | 18.00 | 10.80 |
| 16. | Goods not otherwise specified - Imported / Exported in Bulk. | 1 M.T. | 42.00 | 25.20 | 12.00 | 7.20 |
| 17. | Wharf Dues in respect of Foodgrains manifested for Indian Ports and transhipped into a smaller vessel from tanker or bulk carrier at the Port. | 1 M.T. | 1.50 | 0.90 | -- | -- |
| 18. | Aluminum Products, Alcoholic Products, Fish, Fish Products, Dry fish and Meat Products, C.P. Goods, Cotton yarn and Products, Cycle parts and carpets, Tinned | Advalorem | 0.20% | 0.12% | 0.10% | 0.06% |

| Sl. No. | Particulars | Unit of Charge | RATES (in Rupees)*** | | | |
|---|---|---|---|---|---|---|
| | | | Zone A | | Zone B | |
| | | | Foreign | Coastal | Foreign | Coastal |
| | Food & PVC Products. | | | | | |
| 19. | Chilies, Country Drugs, Senna Leaves, Palmyrah fiber, Personal effects, Vegetables and Provisions, Vehicles of Various Types and Accessories. | Advalorem | 0.50% | 0.30% | 0.25% | 0.15% |
| 20. | Pepper, Cardamom. | Advalorem | 0.02% | 0.01% | 0.01% | 0.006% |
| 21. | Tea. | Advalorem | 0.15% | 0.09% | 0.08% | 0.05% |
| 22. | Coffee. | Advalorem | 0.10% | 0.06% | 0.05% | 0.03% |
| 23. | Ginger, Machinery parts, Goods not otherwise specified – Imported/ Exported in the schedule. | Advalorem | 0.30% | 0.18% | 0.15% | 0.09% |

**Notes:**

(1). Wharfage charges on bulk cargo shall be recovered on the manifested tonnage of the vessels. In the case of export bulk cargo wharfage can be levied as declared in the EGM or with reference to the entire admitted quantity whichever is higher even if the EGM quantity is declared less than the admitted quantity. In case of Import Cargo, wharfage can be levied as declared in the IGM or entire delivered quantity whichever is higher.

(2). 'Advalorem' wharfage on imports shall be calculated on C.I.F. value; on the exports on F.O.B. value; and on coastal cargo on value specified in the bill of coastal goods. Custom's Bill of Entry/Shipping Bill/Bill of coastal goods shall be the main document for assessing the value of cargo for wharfage purposes and where it is not available, the value will be determined based on Bill of Lading/Invoices, etc.

(3). Wharfage shall be payable on all cargoes admitted to the said port's transit areas for shipment. Cargo once shut out if admitted to the port again for shipment will also attract wharfage irrespective of the fact the wharfage was levied on an earlier occasion.

(4). **Transhipment**:

(i). Goods consigned to ports other than Tuticorin as per the Bill of lading, if landed at Tuticorin for transhipment, shall be considered as transhipment cargo so long as it remains within the port security area, and shall pay single wharfage payable on landing.

(ii). For transhipment of cargo from ship to ship (swapping) outside the Port basin, wharfage shall not be collected. But, both the vessels shall pay 25% of the Port dues and charges of other services rendered as per the rates prescribed in the Scale of Rates except in respect of food grains manifested for Indian Ports.

(iii). As regards, transhipment of cargo from vessel to vessel inside the Harbour basin without using the landing place, the vessels shall pay Port dues and other charges as applicable in full, and 50% of single wharfage charges.

(iv). If transhipment cargo goes out of the port security area and thereafter comes into the port security area for loading into the vessel, the same shall not be treated as transhipment cargo and the cargo shall pay the wharfage again for loading into the vessel.

(v). Cargo transhipment fee @ ₹3/- per tonne will be collected for cargo handled at the anchorage.

(vi). A fee on cargo transfer from vessel to barge or vice versa in the harbour basin will be levied at 50% of the wharfage rate prescribed in Schedule 3.1. of the Scale of Rates in addition to the wharfage leviable on such cargo for handling at berth.

(5). In case of cargo loaded into a vessel and subsequently unloaded due to various reasons, no wharfage shall be levied if the cargo is reshipped in the same vessel without leaving the port's premises. Wharfage shall, however, be levied again if the cargo is reshipped in another vessel.

(6). Wharfage on goods from vessels in distress:

| Item No. | Classification for purpose of wharfage | Dues payable |
|---|---|---|
| (i). | Cargo of other ports landed from vessels in distress | Wharfage rate as prescribed in Schedule 3.1. shall be levied. |
| (ii). | Cargo that has paid exports wharfage at Tuticorin but has not been carried to destination. | No wharfage shall be levied at the time of landing or at the time of reshipment or if removed out of the VOCPT premises. |
| (iii). | Cargo of other ports reshipped without having left the VOCPT premises. | No wharfage shall be levied at the time of shipment. |

(7). On packages containing articles of miscellaneous character, wharfage charges shall be levied at the rate applicable to individual cargo items.

(8). In the case of hazardous cargo, (i.e.) cargo identified as such in International Maritime Dangerous Goods Code (IMDG), classified as “Goods not otherwise specified”, vide Sl.No.16 and 23 of the above schedule, 100 percent of the wharfage shall be recovered over and above the normal dues”.

(9). The following categories of goods shall be exempted from wharfage charges:

(i). Bonafide consumable/ Non-consumable ship stores;

(ii). Passenger’s and Seaman’s Bonafide baggage and personal effects accompanying them;

(iii). Empty gunnies and twines sent to ships to facilitate landing or loading of cargoes in bulk order replacing wet or torn bags;

(iv). Goods consigned to or by the VOCPT;

(v). Postal mail bags.

(10). The box rate prescribed for cargo in FCL containers in serial number 6(b) and 6(d) in schedule 3.1. above will also apply in the case an LCL (Less than Container Load) container coming in and going out of the VOCPT as a unit load.

(11). All goods intended for shipment shall be assessed on export application. Similarly, all goods landed within the limits of port of Tuticorin shall be assessed on import application.

(12). The wharfage shall be calculated on the total tonnage of each item of goods. For this purpose the gross and if the circumstances require, the net units of each package as specified in the relative invoice or other shipping document shall be reckoned with, subject to test check by the port authorities. In the absence of these documents or the specification of the gross units therein, the units actually arrived at by test check shall be taken as the gross units.

(13). Before classifying any cargo under ‘unspecified category’ in the wharfage schedule, the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in those schedules

## 3.2. SCHEDULE OF DEMURRAGE CHARGES

### 3.2.1. FREE PERIOD

| Sl. No. | Particulars | Imports | Exports |
|---|---|---|---|
| 1. | General Cargo except Raw Cashew (Imports) and Wheat (Exports) | 3 days | 10 days |
| 2. | Raw Cashew (Imports) | 5 days | – |
| 3. | Wheat (Exports) | – | 15 days |
| 4. | Salvaged goods (Imports) | 3 days | 3 days |

**Notes:**

(1). For the purpose of calculation of free period, Customs holidays and the port's non operating days shall be excluded.

(2). (i). Free period for imports shall be reckoned with following the date of complete discharge of the goods from the vessel on to jetties, quays or wharves.

(ii). When goods are landed from the vessel into lighters, barges or other floating crafts, the three working days shall be calculated from the date of complete discharge of goods from the lighters, barges or other floating crafts on the jetties, quays or wharves.

(iii). In the case of salvaged goods, the free days shall be reckoned with from the day following the date of notification of salvage by the receiver of wrecks in the official Gazette of Tamil Nadu State.

(3). (i). Free period for all exports except salvaged goods shall commence from the actual date of receipt of the goods in transit area at Zone A and Zone B.

(ii). In case of salvaged goods (export) free period shall commence from the date on which the goods are actually salvaged up to the date the vessel commences loading.

(4). **Transhipment cargo**

The maximum period as per export cargo will be allowed and thereafter demurrage charges shall be levied as prescribed for export cargo.

(5). In the case of goods shut out by one vessel and subsequently shipped by another vessel the free period shall count upto 21 days excluding Customs holidays and port's non-operating days, and thereafter demurrage charges shall be payable till the goods are shipped.

### 3.2.2. SCHEDULE OF DEMURRAGE CHARGES

| Sl. No. | Description | Unit | For Zone A | |
|---|---|---|---|---|
| | | | Import (in ₹) | Export (in ₹) |
| 1. | For the first six days. | Per day per wharfage unit | 1.85 | 1.20 |
| 2. | For the next six days. | -do- | 3.00 | 2.35 |
| 3. | Thereafter. | -do- | 5.85 | 4.70 |

**Note:**

(i). For Zone 'B', 50% of the above rates shall apply.
(ii). In respect of Import, 75% of the rates prescribed above shall be levied for open storage of cargoes at wharf area.

**Notes:**

(1). (i). The transit area shall be the area within the security wall excluding warehouse and open area leased for storage of cargo.

(ii). In exigencies, if import/export cargo require transit space and transit sheds are full/ there is shortage of space in transit sheds, some warehouse/s can be declared as “transit area” for the duration of congestion and all consignment will be eligible for storage on the transit terms during that period. These arrangements shall be approved by the Chairman on a case to case basis.

(2). No export cargo shall be admitted into the port premises without the permission in writing from the authorised official of the port. Normally, export cargo for a vessel shall be admitted only after the vessel is opened for exports.

(3). While calculating the demurrage charges, the unit to be adopted shall be the same as prescribed for levy of wharfage. Where the wharfage is prescribed on ‘per unit’ or on ‘Advalorem’ basis, the demurrage shall be calculated on the basis of weight of ‘one tonne’.

(4). A minimum charge as for one tonne/one cubic metre shall be levied.

(5). Demurrage shall be collected on the basis of the actual weighment as determined by the weighbridge, and /or the railway receipt as issued by the Railway authority for carrying the cargo.

(6). Demurrage charges on unclaimed goods shall be charged from master of the ship or the steamer agents upto 2 months from the date of discharge, if they are not cleared within two months from the date of complete discharge of the vessel from which they were landed.

(7). Once demurrage charges begins to accrue no allowance shall be made for Sundays and port’s non-operating days.

(8). Delivery of Goods

Goods shall not be delivered to owner or consignee unless all dues leviable thereon, including demurrage charges are paid.

(9). Congestion of Goods:

If at any time the VOCPT apprehends a serious congestion in the transit sheds or the transit area which may affect the rapid transit of goods through the port, it may direct the owners or consignees of any specific goods to remove such goods from the port premises within a specified period. If the goods are not removed within that period, the VOCPT may itself remove them and shall restack in any other place at the expense and at the sole risk of the owners or consignees. Goods so removed shall be charged demurrage fees at the rate of 100% of the wharfage plus actual handling charges incurred by the port.

(10). Goods detained by Customs:

The period during which the goods are detained by the Commissioner of Customs for the purpose of analytical test or technical tests, other than ordinary process of appraisement and certified by the Commissioner of Customs to be not attributable to any fault or negligence on the part of the Exporter, for such periods of detention, the demurrage charges shall be recovered as under:

| | | |
|---|---|---|
| First 45 days | : | Free |
| 46 days to 60 days | : | 25% of actual demurrage charges |
| 61 days to 90 days | : | 50% of actual demurrage charges |
| Beyond 90 days | : | 100% of actual demurrage charges |

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

The first 45 days shall be reckoned with as follows:

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

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

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

**Notes:**

(i). The above time limits will be inclusive of all holidays.

(ii). The time limits can be relaxed in cases of Acts of God or the extra ordinary circumstances beyond human control.

(11). For re-stacking of cargo at VOC berth where siding is available for rail movement, the rate applicable as per schedule of Demurrage charges will be levied.

(12). Demurrage charge on both import and export cargo shall not accrue for the period when the VOCPT is not in a position to deliver/ship cargo when requested by the user.

(13). If operational area is licenced on rental terms to users, demurrage charge on cargo stored thereat shall not be levied again.

### 3.3. Licence (Storage) Fee

| Sl. No. | Particulars | Unit | Rates for Zone A (in ₹) |
|---|---|---|---|
| 1. | **COVERED SPACE** | | |
| | (i). For the first two weeks. | Per 10 sq. mtr./week or part thereof | 155.00 |
| | (ii). For the third and fourth week. | -do- | 310.00 |
| | (iii). For the fifth and sixth week. | -do- | 465.00 |
| | (iv). Thereafter for every subsequent week. | -do- | 542.50 |
| ***2.*** | ***OPEN SPACE*** | | |
| | (i). Outside the security wall of the Port.<br>Per month or part thereof<br>Per week or part thereof | Per sq. mtr. | 6.40<br>1.60 |
| | (ii). Within the Security wall of the Port.<br>Per month or part thereof<br>Per week or part thereof | -do- | 8.00<br>2.00 |
| | (iii). M.P.Shed and verandas of warehouses. | Per sq. mtr. / per month or part thereof | 45.00 |
| | (iv). Storage of containers outside the security wall (Storage area to be hired shall not be less than 2000 square metre) | -do- | 4.50 |
| | (v). For storage of coal in open space | -do- | |
| | (a). For cargo lying upto 7 weeks | -do- | 2.00 |
| | (b). For cargo lying for $8^{th}$ to $9^{th}$ weeks | -do- | 4.00 |
| | (c). For cargo lying for $10^{th}$ to $13^{th}$ weeks | -do- | 6.00 |
| | (d). For cargo lying thereafter | -do- | 10.00 |
| For Zone ‘B’ 50% of the rates prescribed above shall apply. | | | |

**Notes:**

(1). No goods shall be stored upon any land or in any shed specified in clause (c) of sub section (1) of section 49 of Major Port Trusts Act, 1963, and no such land or shed shall be used except under a licence issued for such purpose by the VOCPT or its authorised official.

(2). The licence issued by the VOCPT shall be in force for the period specified therein.

(3). Licence (storage) fee shall be payable in the manner specified in the licence and failure to pay the rates in accordance therewith shall attract penal interest as prescribed in point No.(vi) (b) in 1.2. General Terms and Conditions in Chapter I, on the amount due but not paid. If for any reason, outstanding due with penalty is not paid within 7 days of its due, the authorised official of the VOCPT shall have the right to terminate the licence and resume the land or shed allotted there under and in case of such termination or resumption of the land or shed, the licensee shall on no account be entitled to claim any compensation or to remove or take away the improvement if any made by him thereof.

(4). Goods stored on the land or in the shed under the licence shall remain at the licensee's risk and V.O. Chidambaranar Port Trust or any of its officers shall not in any manner be liable for any pilferage, theft, damage or any loss whatsoever thereof.

(5). The licensee shall not be permitted to sub-let the land or shed covered by the licence or any portion thereof. For any contravention of this condition, the licence is liable to be cancelled.

(6). If goods are stored in areas not covered under the licence, double the rate, specified shall be charged from the licensee for the period from the date of storage till such storage is regularised or the goods are removed.

(7). Any renewal of the licence issued shall be made only on an application made therefore. An application for renewal shall be made at least seven days prior to the date of expiry of the licence in case the period of licence is one year or less than one year, and atleast 30 days prior to the date of expiry of the licence in the case of other licences. Provided that, in the event of no order being passed on an application for renewal before the date of expiry of the licence, the same shall continue to be valid on the terms and conditions specified therein till orders are passed on the application for renewal.

(8). License(Storage) fee / Demurrage charges shall be payable on the packing materials such as gunny bags/pallet which are not cleared as soon as the cargo is exported/Imported and are remaining in the port beyond one day of the date of complete shipment/discharge of cargo.

(9). 'Goods stacked beyond the prescribed period admissible as per Licence issued and not renewed by the Port will attract double the rate already applicable for Licence (storage) fee' from the date following the date of expiry of Licence.

### 3.4. License (Storage) Fee for Marshalling Yard

| Sl. No. | Particulars | Unit | Rate in ₹ |
|---|---|---|---|
| A. | Covered Space | | |
| 1. | First slab of 3 days or part thereof | per 10 sq. mtrs. | 100.00 |
| 2. | Second slab of 3 days or part thereof | per 10 sq. mtrs. | 150.00 |
| 3. | Third slab of 3 days or part thereof | per 10 sq. mtrs. | 200.00 |
| 4. | Fourth slab of 3 days or part thereof | per 10 sq. mtrs. | 250.00 |
| 5. | Fifth slab of 3 days or part thereof | per 10 sq. mtrs. | 300.00 |
| 6. | Thereafter for every subsequent slab of 3 days or part thereof | per 10 sq. mtrs. | 350.00 |
| B. | Open Space Available 9600 Sq. Mtrs. | | |
| 1 | First slab of 3 days or part thereof | per sq. mtr. | 1.00 |
| 2. | Second slab of 3 days or part thereof | per sq. mtr. | 1.50 |
| 3. | Third slab of 3 days or part thereof | per sq. mtr. | 2.00 |
| 4. | Fourth slab of 3 days or part thereof | per sq. mtr. | 2.50 |
| 5. | Fifth slab of 3 days or part thereof | per sq. mtr. | 3.00 |
| 6. | Thereafter for every subsequent slab of 3 days or part thereof | per sq. mtr. | 3.50 |

**Notes:**

(i). The above rates are applicable for both export and import of cargo.

(ii). Only rail borne cargo is entitled for this facility.

(iii). Ships at berths will avail priority.

(iv). The above rates are for bagging activities only.

(v). Allotment will initially be for first 3 days only and renewable for subsequent slabs.

Rail borne bulk cargo without bagging or any other value addition activities will be entitled to 24 hours of free period from the time of storage admission/landing of the first consignment. Thereafter, rates as per above slabs will be applicable."

## CHAPTER – IV

## CONTAINER RELATED CHARGES

### 4.1. CHARGES FOR SPECIAL SERVICES TO REEFER CONTAINERS

| Sl. No. | Particulars | Rate per connection per 4 hours or part thereof | | |
|---|---|---|---|---|
| | | Up to 20' length (in ₹) | Above 20' length but up to 40' (in ₹) | Above 40' length (in ₹) |
| 1. | Charges for electrical and other installation provided by the port including the charges for electricity consumed and monitoring the reefer containers. | 106.00 | 159.00 | 212.00 |

### 4.2. CHARGES FOR HANDLING CONTAINERS USING MECHANICAL APPLIANCES

| Sl. No. | Particulars | Rate per container per operation (in ₹) | |
|---|---|---|---|
| | | Foreign | Coastal |
| 1. | Loaded container upto 20' in length. | 443.00 | 265.80 |
| 2. | Loaded container above 20' and upto 40' in length. | 664.50 | 398.70 |
| 3 | Loaded container above 40' in length. | 886.00 | 531.60 |
| 4. | Empty container upto 20' in length. | 153.00 | 91.80 |
| 5. | Empty container above 20' and upto 40' in length. | 229.50 | 137.70 |
| 6. | Empty container above 40' in length. | 306.00 | 183.60 |
| 7. | For handling ICD containers from Railway Flat, and placement from Trailer to Berth and from Berth to Trailer. (For Each Operation.) | | |
| | (i). Loaded Container upto 20' in length. | 224.00 | 134.40 |
| | (ii). Loaded Container above 20' and upto 40' in length. | 336.00 | 201.60 |
| | (iii). Loaded Container above 40' length | 448.00 | 268.80 |
| | (iv). Empty container upto 20' in length. | 77.00 | 46.20 |
| | (v). Empty container above 20' and upto 40' in length. | 115.50 | 69.30 |
| | (vi) Empty container above 40'length | 154.00 | 92.40 |

**Notes:**

(1). The charges prescribed above are payable per crane requisitioned by each applicant and supplied by the Port.

(2). Premium to the extent of 25% on handling charges to be levied in case of hazardous containers.

(3). Handling charge for transhipment container will be restricted to 150% of the charges prescribed for normal container for single operations i.e. loading or unloading. In case of coastal transhipment containers, handling charges will be calculated with reference to applicable handling charge for coastal container for normal handling operation in loading or unloading cycle.

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

## 4.3. SCHEDULE OF STORAGE RENT ON EMPTY AND LOADED CONTAINERS.

| Sl. No. | Period of Occupation | (Rate per container per day or part thereof) | | | | | |
|---|---|---|---|---|---|---|---|
| | | Foreign-going vessels | | | Coastal vessels | | |
| 1. | **INSIDE THE SECURITY WALL** | **Upto 20' in length (in US $)** | **Above 20' in length but upto40' (in US $)** | **Above 40' in length (in US $)** | **Upto 20' in length (in ₹)** | **Above 20' in length but upto40' (in ₹)** | **Above 40' in length (in ₹)** |
| (i). | For Import and Export Containers | | | | | | |
| | (a). For the first 5 days | Free | Free | Free | Free | Free | Free |
| | (b). From 6th to 15th day | 0.75 | 1.50 | 2.25 | 32.60 | 65.20 | 97.80 |
| | (c). From 16th to 22nd day | 3.00 | 6.00 | 9.00 | 130.40 | 260.75 | 391.15 |
| | (d). Thereafter | 5.80 | 11.60 | 17.40 | 252.05 | 504.15 | 756.20 |
| (ii). | For Transhipment Containers | | | | | | |
| | (a). For the first 15 days (including the date of landing) | Free | Free | Free | Free | Free | Free |
| | (b). From 16th to 30th day | 4.00 | 8.00 | 12.00 | 173.85 | 347.70 | 521.50 |
| | (c). Thereafter | 6.00 | 12.00 | 18.00 | 260.75 | 521.50 | 782.30 |
| 2. | **OUTSIDE THE SECURITY WALL** | | | | | | |
| | Stacked in the Marshalling yard and /or in any other area (From the date of stacking) | 0.75 | 1.50 | 2.25 | 32.60 | 65.20 | 97.80 |

**Notes:**

(1). The period of free days shall run concurrently with the free period of PSA SICAL TERMINAL and not consecutively.

(2) Premium to the extent of 25% on storage charges to be levied in case of hazardous containers.

(3) Free dwell-time (storage) period for import containers shall commence from the day after the day of landing of the container. On expiry of the free period, storage rent shall be levied upto the time of delivery.

For export containers the free period shall commence from the time the container enters the terminal. On expiry of the free storage period, storage rent shall be calculated upto the time the container leaves the yard. The charges shall be calculated on a 24 hour basis.

(4). **Transhipment \ Re-export laden and empty containers**

(i). The free storage rent period shall commence from the time of completion of discharge after the first carrier to the time of berthing of the second carrier. If the storage period exceeds the free period, the storage rent shall be calculated after the expiry of the free period upto the time of lift on. The charges shall be calculated on a 24-hour basis.

(ii). In case of containers, the transhipment status shall be extended only to loaded containers. Empty containers meant for other Ports, if landed at Tuticorin shall not be considered as transhipment. Containers that are de-stuffed within the security gate shall also not be treated as transhipment containers.

(iii). The concession of transhipment to loaded container shall be withdrawn, if the loaded container goes out of the transit area.

## 4.4. DEMURRAGE CHARGES FOR CONTAINERISED CARGO

### 4.4.1. Containerised Import Cargo

| Sl. No. | Particulars | Unit | Rate per day (in ₹) |
|---|---|---|---|
| | (From the date of destuffing) | Per tonne or part thereof | |
| 1. | First 3 days | - do - | Free |
| 2. | For the next 6 days or part thereof. | - do - | 1.85 |
| 3. | For the next 6 days or part thereof. | - do - | 3.20 |
| 4. | Thereafter for every 6 days or part thereof. | - do - | 6.35 |

### 4.4.2. Containerised Export Cargo

| Sl. No. | Particulars | Unit | Rate per day (in ₹) |
|---|---|---|---|
| 1. | First 15 days | Per tonne or part thereof | Free |
| 2. | For the next 6 days or part thereof. | - do - | 1.20 |
| 3. | For the next 6 days or part thereof. | - do - | 2.35 |
| 4. | Thereafter for every 6 days or part thereof. | - do - | 4.70 |

**Notes:**

(1). For the purpose of calculation of free period, Customs holidays and the port’s non–operating days shall be excluded.

(2). The stuffed cargo removed from the container and cargo meant for stuffing in the container stacked in transit area other than the space allotted on lease for that purpose, will be liable for demurrage as applicable to other cargo specified as below:

(i). Containerised Import cargo:
For purpose of demurrage, the free days for such import cargo released with from the container shall count from the date following the date of release of the import cargo from containers.

(ii). Containerised Export cargo:
For purpose of demurrage, the free days for such export cargo shall be reckoned from the date on which cargo is admitted in the transit area and demurrage

leviable, if any, shall be computed from the day following the completion of free days till such cargo has been stuffed into containers.

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

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

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

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

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

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

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

**General Notes for schedule 4.1. to 4.4.**

(1). Cargo in containers originally manifested at the Port of shipment landed at wharf for transhipment shall be charged single wharfage dues payable on landing.

(2). General manifest must be produced immediately to the authorised port official for verification by a test cheek of stuffed cargo in container brought for transhipment.

(3). The applicant shall accept all risks and responsibilities for goods stored at the rental space so allotted, and shall make his own arrangements for security of the goods stored in such spaces.

(4). Hire charges for port machineries and appliances whenever utilised by the shipper will be charged separately according to the rates prescribed in the Scale of Rates.

(5). Storage charge on container/demurrage charges on cargo shall not accrue for the period when the VOCPT is not in a position to deliver/ship cargo when requested by the user.

(6). If operational area is leased on rental to users, storage charges on container/demurrage on cargo stored therein shall not be levied again.

## CHAPTER – V

## MISCELLANEOUS CHARGES

### 5.01. SCHEDULE OF WEIGHMENT CHARGES for ZONE'A' AND 'B'

| Sl. No. | Particulars | Unit | Rate (in ₹) |
|---|---|---|---|
| 1. | Weighment Charges for Zone A and B. | Per tonne | 2.95<br>(subject to a minimum of ₹35.00) |

**Note:**
The weighment charges shall be levied on the total weight of the cargo weighed by the port on the weighbridges or weighing scales under each application for weighment, duly rounded off to the next higher tonne.

**5.02.1. CHARGES FOR OCCASSIONAL USE OF WHARF CRANES, OTHER CRANES AND FORK LIFT TRUCK**

| Sl. No. | Particulars | Unit | Foreign/Others (in ₹) | ***Coastal (in ₹) |
|---|---|---|---|---|
| 1. | Upto 1 tonne | Per tonne per hoist per package | 17.00 | 10.20 |
| 2. | Over 1 tonne and upto 5 tonnes. | -do- | 28.00 | 16.80 |
| 3. | Over 5 tonnes and upto 10 tonnes | -do- | 42.00 | 25.20 |
| 4. | Over 10 tonnes and upto 15 tonnes. | -do- | 70.00 | 42.00 |
| 5. | Over 15 tonnes and upto 30 tonnes | -do- | 140.00 | 84.00 |
| 6. | Over 30 tonnes. | -do- | 315.00 | 189.00 |

*** The rates prescribed in column 4 shall be applicable for coastal cargo and containers eligible for concessional tariff, for ship-shore transfer, transfer from / to quay and to / from storage yard.

**5.02.2. CHARGES FOR HIRE OF GRAB FOR WHARF CRANE AND OTHER MECHANICAL APPLIANCES TO MASTERS, OWNERS OR AGENTS OF VESSEL**

| Sl. No. | Particulars | Unit | Foreign/Others (in ₹) | ***Coastal (in ₹) |
|---|---|---|---|---|
| 1. | 10 Tonne Grab wharf crane | Per shift | 1912.00 | 1147.20 |
| 2. | 10Tonne Grab wharf crane | Per half shift | 956.00 | 573.60 |
| 3. | 20Tonne Grab wharf crane | Per shift | 9636.00 | 5781.60 |
| 4. | 20Tonne Grab wharf crane | Per half shift | 4818.00 | 2890.80 |

*** The rates prescribed in column 4 shall be applicable for coastal cargo and containers eligible for concessional tariff, for ship-shore transfer, transfer from / to quay and to / from storage yard

**Notes:**

(1). Berth hire includes cranage component and hence no separate charges will be levied for wharf crane provided by the port (subject to availability) for loading and unloading of cargo from vessels including barges and lighters. The charges for use of grab will, however, be collected as prescribed in the above schedule.

(2). The cranes or equipment provided shall not be used for purposes other than that for which application was made.

**5.03. CHARGES FOR HIRE OF CRANES, FORK LIFT TRUCK AND OTHER MECHANICAL APPLIANCES FOR PURPOSE NOT SPECIFIED IN SCHEDULE 5.2. and 5.2.1.**

| Sl. No. | Particulars | Unit. | Foreign/Others Rates per craft/ equipment / appliance (in ₹) | ***Coastal/ Rates per craft/ equipment / appliance (in ₹) |
|---|---|---|---|---|
| 1. | Mobile Cranes of 10 T at 45’ | Per hour or part thereof. | 1,062.00 | 637.20 |
| 2. | Mobile Cranes of 75 T at 10’, 15T at 40.’ | -do- | 1,221.00 | 732.60 |
| 3. | Marshall demag Crane. | -do- | 572.00 | 343.20 |
| 4. | Fork Lift Truck(3 T). | -do- | 189.00 | 113.40 |

| | | | | |
|---|---|---|---|---|
| 5. | Floating Crane. | -do- | 1,528.00 | 916.80 |
| 6. | Front End Loader 3 tons/7 tons. | -do- | 614.00 | 368.40 |
| 7. | Wharf Crane | | | |
| | (a) Wharf Grab Cranes(20 Tonne) | -do- | 3308.00 | 1984.80 |
| | (b) Wharf Crane(6 tonnes) | -do- | 3157.00 | 1894.20 |
| | (c) Wharf Crane(10 tonnes) | -do- | 3424.00 | 2054.40 |
| 8. | Road Roller. | -do- | 153.00 | -- |
| 9. | Fire fighting equipment. | | | |
| | (i). For salvage and other purposes. | Per hour or part thereof. | 808.00 | -- |
| 10. | For stand by duties | | | |
| | (a). Between 1800 hrs and 2200 hrs. | Entire period or part thereof. | 354.00 | -- |
| | (b). Beyond 2200 hrs to 0600 hrs. | Per shift or part thereof. | 708.00 | -- |
| 11. | Penalty for improper use of appliance. | Every occasion | 201.00 | |

*** The rates prescribed in column 5 shall be applicable for coastal cargo and containers eligible for concessional tariff, for ship-shore transfer, transfer from / to quay and to / from storage yard.

**Notes:**

(1). In respect of use of the port machineries outside the port limits, a surcharge of 20 percent on the charges prescribed above shall be levied.

(2). When fire fighting units use foam, the actual cost of foam used in the operation shall be charged extra.

(3). (i). If the requisition of the equipment is not cancelled before 2 hours of the commencement of the shift, the charges for the full shift will be recovered.

(ii). On the Port's non-operating days, full charges for the period of requisition will be recovered if written notice of cancellation is not given during the working hours of the day prior to the date of requisition or when the equipment is not fully utilised as requisitioned.

(4). While computing the hire charges, the actual hours of work shall be totalled and rounded off to the next higher hour after completion of the end of the work. For this purpose the time taken by the machinery to move from the yard to work spot and back to the yard will be included.

**5.04. WAY LEAVE CHARGES:**

| Sl. No. | Particulars | Unit. | Rates (in ₹) |
|---|---|---|---|
| 1. | Way leave charges for pipelines, overhead wires and underground cables. | Per Sq. mtr. per annum. | 1.42 |
| 2. | Way leave charges for the conveyor system owned by M/s Tuticorin Thermal Power Station (TTPS) in the port area on coal moved through conveyor. | Per Sq. mtr. per annum | 1.42 |
| For underground cables, 50% of the applicable charges shall be levied. | | | |

**Notes:**

(1). Areas chargeable under Way Leave Licence shall be arrived based on the following formulae:

(i). For a single pipe line:
Length of the pipe line multiplied by the Diameter (D) of pipe lines plus working space of 30 c.m(i.e) A=L+(D+30 cms.)

(ii). For more than one pipe:
Length of the pipeline multiplied by the actual distance (D) between the extreme sides of the outer most pipes plus working space of 30 c.ms. (i.e.) A = L (D + 30 c.ms.)

(iii). For pipe line over pedestal:
Length of the pipeline multiplied by the width (D) of the foundation of the pedastal plus working space of 30 c.ms. (i.e.) A = L (D + 30 c.ms.)

(iv). For overhead wires:
Length of the overhead line multiplied by the distance (D) between the extreme ends of the longest street on the pole plus working space of 60 c.ms. (i.e.) A = L (D + 60 c.ms.)

(v). For underground cables: Length of the cable multiplied by 15.c.ms. for each cable laid plus working space of 90 c.ms. (I.e.) for a single cable A = L (15 c.ms. + 90 c.ms.); for double cable A = L (2 x 15 c.ms. + 90 c.ms.) and so on.

**5.05. CHARGES FOR USE OF PORT'S PIPELINES TO TRANSPORT SHIPSTORES, BUNKER OIL, ETC., TO SHIPS.**

| Sl. No. | Particulars | Unit | Rates | |
|---|---|---|---|---|
| | | | Coastal vessel (in ₹) | Foreign – going vessel (in US$) |
| 1. | Charges for use of port's pipelines to transport shipstores, bunker oil, etc., to ships | Per kl. | 12.45 | 0.366 |

**5.06. RENTAL CHARGES FOR ROOMS FOR USE IN CONNECTION WITH SHIPPING OPERATION**

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Rooms in the I floor of Transit sheds at I&II berths of VOC Wharves. | Per room per calendar month or part thereof | 460.00 |
| 2. | Rooms at the Coal Jetty I and II: | | |
| | (i). Rooms of area 8.23 sq.mtr. | -do- | 460.00 |
| | (ii). Rooms of area 11.20 sq. mtr. | -do- | 627.00 |
| 3. | Room available at additional berths: | | |
| | (i).Each Measuring 30 sq. mtr. in Southern Side Building | Per room per calendar month or part thereof | 979 |
| | (ii).Each measuring 41 sq. mtr. in the ground floor at the Northern Buildings. | -do- | 1,305.00 |

**Notes:**

(1). The charges prescribed above are inclusive of water charges.

(2). Electricity charges shall be levied on actual consumption based on the meter reading.

(3). The room will normally be allotted by the VOCPT on request in writing in the order of priorities of the dates of receipt of such requests by the parties concerned.

(4). The allotment of room is subject to cancellation by the authorised official of the VOCPT at any time without prior notice and without assigning any reason thereafter.

**5.07. RENT FOR ALLOTMENT OF ROOM FOR STEAMER AGENTS WITHIN THE FORESHORE PREMISES**

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Rent for allotment of Room for steamer agents within the foreshore premises. (Inclusive of Water Charges) | Per month per room | 572.00 |

**Notes:**

(1). The charges prescribed above are inclusive of water charges.

(2). Electricity charges shall be levied on actual consumption based on the meter reading.

**5.08. RENT FOR OCCUPATION OF COMPARTMENTS IN THE COAL MAZDOOR LINES IN THE PORT PREMISES.**

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Rent for occupation of compartments by the coal landing contractors for housing the coal labourers in the coal mazdoor lines in the foreshore premises. | Per month or part thereof for each compartment. | 94.00 |

**Note:**

The charges prescribed above are inclusive of water charges and electricity charges.

**5.09. CHARGES FOR HIRE OF DRY DOCK TO THE OWNERS OF SAILING VESSELS AND TO OTHER GOVERNMENT DEPARTMENTS FOR DRY DOCKING THEIR VESSELS**

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Dry dock services | | |
| | (i). For docking the vessels. | | |
| | (a). Sailing vessels<br>(b). Floating Crafts. | Each<br>- do - | 4,396.00<br>5,522.00 |
| 2. | For undocking the vessels | - do - | 1,062.00 |
| 3. | Daily hire charges for the Dry Dock | | |
| | (i). For the first ten days. | Per day or part thereof | 354.00 |
| | (ii). From 11th day to 20th day. | - do - | 525.00 |
| | (iii). From 21st day and subsequent days. | - do - | 708.00 |
| 4. | Electricity Charges | - do - | 12.00 |

**Notes:**
Advance Hire Charges

| | | |
|---|---|---|
| (i). | For I spell of 10 days. | 5,665.00 |
| (ii). | For II spell of 10 days | 2,549.00 |
| (iii). | For III spell of 10 days. | 3,540.00 |

(1). Daily hire charges shall be levied excluding the day of docking and undocking of the vessels.

(2). The charges prescribed above include the ship weight and pumping charges; but, do not include charges for the supply of fresh water, cranes and other facilities.

(3). (i). The dry dock in normal cases shall be given only for a period of ten days and owners/authorised agents of vessels in dry dock shall endeavour to complete all repair within 10 days period.

(ii). In no case shall the dry dock be kept occupied for more than 30 days.

(iii). When a vessel of an outside party is in the dry dock and the dry dock facility is urgently required for carrying out any emergency repair to the floating craft of the Port, the owner / authorised agents of vessel in the dry dock, shall vacate the same within seven days from the receipt of a notice to that effect.

(4). On allotment of dry dock the hire charges towards docking, undocking and daily hire charges etc., as stipulated above shall be paid in advance before the vessel can be placed in the dock. If the vessel is to remain in the dock beyond the initial period of ten days, then further hire charges for the second and third spells of 10 days respectively, shall be paid in advance, as the case may be.

(5). In the event of the vessel not being ready to be docked, or not using the dock on the day notified for the admission of the vessel into the dock, cancellation charges equivalent to the advance paid in respect of any vessel as per provision prescribed in note (4) will be charged.

(6). (i). Prior to the time regulated for the admission of any vessel into the dock, the necessary arrangements must be carried out by the hirer on board the vessel in consultation with the authorised official of the VOCPT.

(ii). If on inspection, it is found that necessary arrangements have not been duly carried out, the vessel may be refused admission into the dock. In such case all expenses incurred by the Port in respect of the docking of such vessel, shall be borne by the owners/authorised agents of the vessel and shall be adjusted against the advance paid.

(7). The bill for the use of dry dock will be furnished to the hirer, after undocking of the vessels, who shall pay the balance charges, if any, due to this Port.

(8) The VOCPT or its employees shall not be liable for delay caused to or any damages suffered by a vessel whilst docking or undocking during its stay in the dry dock.

(9). Vessels of the following dimensions can only be dry docked.

| **Particulars** | **Feet** | **Metre** |
|---|---|---|
| Length | 120 | 36.58 |
| Breadth | 29 | 8.84 |
| Draft | 6 | 1.83 |

(10). Vessels having a draft of 5 feet 6 inches and above can be docked and undocked only at full tides. In case after completion of repairs, a vessel is held up in the dry dock for want of sufficient tide, such delays shall be to the account of the owner and he shall pay hire charges at the rates applicable till the vessel is undocked.

(11). The hirer shall also make good the cost of any damage, repairs or loss to the dock, its appurtenances, plant, gear tackle, etc, caused by the vessel arising directly or indirectly in the course of the hire.

(12). The hirer of dry dock shall make his own arrangement for watchman duty for the vessels, etc., round the clock.

(13). (i). The owners of the vessel shall make their own arrangements to carry out repairs to their vessels at their cost.

(ii). The facilities of the port’s workshop shall be given on payment of prescribed charges only when spare capacity is available in the port workshop for taking up repairs.

(14). Whenever a vessel is docked or undocked outside normal working hours of port's workshop, the over-time charges if any payable to the departmental staff shall be borne by the hirers of the dry dock in addition to the usual charges.

(15). Fire protective measures are to be arranged by the hirers at their cost.

(16). The hirer should agree to indemnify the port against all claims for compensation by or on behalf of any workmen (Coolies or Labourers as the case may be) employed by him in connection with the work under execution in the premises of dry dock, for injury or death by an accident under the Indian Workmen's Compensation Act of 1923 and that the decision of the Commissioner of Workmen's Compensation with respect to the amount of such indemnity will be accepted as final.

## 5.10. HIRE CHARGES FOR HIRE OF TOOLS AND PLANTS TO GOVERNMENT DEPARTMENTS

| Sl. No. | Particulars | Unit | RATES | |
|---|---|---|---|---|
| | | | Monthly (in ₹) | Daily (in ₹) |
| 1. | 200 ton Dumb Barge. | Each | 30,586.00 | 1,528.00 |
| 2. | 100 ton Mud Punts. | -do- | 11,894.00 | 596.00 |
| 3. | Welding Set (Portable) | -do- | 2,348.00 | 118.00 |
| 4. | Fire Service Trailer Pump. | -do- | 2,549.00 | 130.00 |

**Notes:**

(1). The tools and plant shall be hired out to other Government departments and private parties for services within the foreshore under special circumstances and when not required for port's use.

(2). When the above plants are lent to private parties the hire charges shall be double the rates prescribed above.

(3). The hirer charges shall be paid in advance. If, however, the period exceeds beyond a calendar month, the hire charges for each calendar month or part thereof shall be paid in advance.

(4). The period of hire shall be reckoned with from the time the tools / plant leaves the stores till it is returned to the said stores.

(5). All repairs (except due to fair wear and tear) during the periods of hire shall be borne by the hirer. The decision of the authorised official of the VOCPT shall be final as to what repairs should be borne by the hirer and by the VOCPT.

(6). The hirer shall bear all charges connected with packing, handling in the stores, conveyance and other incidental expenses in connection with the despatch of the said tools and plant from the stores and return thereto including freight charges, if any, and also erecting and dismantling charges. If during the period of hire it is found necessary to send the said tools and plant to the port's workshop and or other outside workshop for repairs, all conveyance and incidental charges to and fro shall be borne by the hirer.

## 5.11. LICENCE FEES

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Cooper Licence | | |

| | | | |
|---|---|---|---|
| | (i). For basket carriers | Each calendar year or part thereof for each | 35.00 |
| | (ii). For basket and casks | -do- | 35.00 |
| | (iii). For issue of duplicate licence when the original is defaced as to be illegible or is lost. | Each occasion | 18.00 |
| 2. | Penalty for non-renewal of Licence. | Each | 18.00 |

**Notes:**

(1). Failure to apply for renewal of the licence one month before the expiry thereof may entail cancellation of the licence or levy of a penalty per licence in addition to the usual licence fee.

(2). Refund for unexpired period of licence will not be allowed.

### 5.12. CHARGES FOR ISSUE OF PHOTO PERMITS

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | For issue of fresh photo permit | Each. | 35.00 |
| 2. | For the renewal of photo permit. | -do- | 35.00 |
| 3. | For issue of a duplicate permit. | -do- | 47.00 |
| 4. | Penalty for non renewal of permit, and issue of duplicate permit to employees | -do- | 18.00 |

**Notes:**

(1). (i). The employees of the port shall be issued fresh permit at the time of appointment free of charge and the same shall also renewed every three years thereafter free of charge.

(ii). In case the permit issued free of charge to the employee of the VOCPT is lost or defaced, duplicate permit may be issued on payment of charges as prescribed in the schedule.

(2). The charges once paid as per this schedule shall not be refunded in any case eventhough claim is received for the refund prior to the preparation and issue of fresh or duplicate permits or prior to the renewal of the permits by the Port.

### 5.13. CHARGES FOR THE ISSUE OF TEMPORARY PASSES.

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Charges for the issue of temporary passes for admission to the Harbour.(Either at Zone A or Zone B) | Per head | 12.00 |

**Notes:**

(1). The payment of the charge will not automatically entitle to get a pass.

(2). Temporary passes issued to distinguished persons, officials and others visiting the port shall be exempted from the levy of this charge.

(3). The validity of Daily Pass is 24 Hours from the time of entry.

(4). The temporary entry permit beyond 24 hours will be issued @ ₹50/- per permit for 15 days and ₹100/- for period beyond 15 days and up to 30 days and the maximum period of temporary entry permit is restricted to 30 days.

### 5.14. CHARGES FOR TAKING PHOTOGRAPHS OR SHOOTING OF FILMS IN THE HARBOUR PREMISES

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Shooting of film by film making company or private parties. | Per calendar day or part thereof | 10,000.00 |
| 2. | For still photographs of export/import cargoes. | - do - | 466.00 |
| 3. | Taking videography related to operational activities. | - do - | 2,124.00 |
| 4. | Taking photography related to operational activities. | - do - | 236.00 |
| 5. | Taking photographs of the parties or of the crew on board, the ships and in case not covered in case (1) to (4) above. | Each time each party | 47.00 |

**Notes:**

(1). (i). The charges prescribed above shall be paid in advance and no refund of such payment shall be allowed for any failure/ cancellation of the programme.

(ii). If the cancellation of programme is at the instance of the Port the charges paid shall be refunded, subject to claim in time.

(2). The hire charges for any craft and/or appliance of the Port, if any, that are supplied and used by the film making company or by those taking photographs shall be levied as per the rates prescribed in the Scale of Rates in addition to charges payable under this schedule.

### 5.15.1. FEES FOR SALVAGE OF GOODS

| Sl. No. | Particulars | Advalorem Rate in % | Minimum charges (in ₹) |
|---|---|---|---|
| 1. | Less than ₹10, 000. | - | 1540.00 |
| 2. | ₹10, 000 and more but less than ₹20, 000. | 12 | 1965.00 |
| 3. | ₹20, 000 and more but less than ₹50, 000. | 7 | 2670.00 |
| 4. | ₹50, 000 and more. | 5 | 3695.00 |

### 5.15.2. FEES FOR SERVICES OF DIVERS

| Sl. No. | Particulars | Unit | Rates | |
|---|---|---|---|---|
| | | | Up to a maximum of 4 hours (in ₹) | Above 4 hours (in ₹) |
| 1. | Weekdays. | Per hour | 767.00 (subject to a minimum of ₹1,487.00) | 1,198.00 |
| 2. | Sundays and port’s non-operating days. | Per hour | 1,133.00 (subject to a minimum of ₹2,266.00) | 1,699.00 |

**General notes relating to schedule 5.15.1. and 5.15.2.**

(1). The charges include the cost of ordinary diver’s charges but are exclusive of any special charges which may be necessary in certain cases, such as the use of tugs, barges or other craft which will be charged at actual cost or at the rates prescribed in the Scale of Rates, as the case may be. In case of goods liable to damage by water, the advalorem percentage prescribed above shall be recovered on the sale value or Customs valuation, as the case may be.

(2). The diver's charges shall be levied in all cases of diving work carried out on special requisitions for the services, of the Port Diver irrespective of the results of search or examinations by the divers. Where a search is undertaken for recovery of goods lost over board and such goods are recovered, charges as per salvage shall be levied.

(3). When a diving boat is towed by a launch, the towage charges shall be levied extra.

### 5.16. LICENCE FEE FOR ENTRY OF VEHICLES / EQUIPMENT:

| Sl. No. | Particulars | Unit | Rates (in ₹) | |
|---|---|---|---|---|
| | | | Entry into Check Post I and II (excluding inside the Security Wall) Zone A and B | Entry into Check Post I and II (including inside the Security Wall) Zone A and B |
| 1. | (a). Hand Carts-Per day | Each | 3.00 | 3.75 |
| | (b). Hand Carts- Per annum | Each | 75.00 | 93.75 |
| 2. | (a). Animal Carts-Per day | Each | 3.00 | 3.75 |
| | (b). Animal Carts-Per annum | Each | 150.00 | 187.50 |
| 3. | Passenger Carriers – Per day | Each | 15.00 | 18.75 |
| 4. | (a). Carrier of goods- Per day | Each | 15.00 | 18.75 |
| | (b). Carrier of goods - Per annum | Each | 1,800.00 | 2,250.00 |
| 5. | (a). Private Cargo Handling Equipment - Per day | Each | 120.00 | 150.00 |
| | (b). Private Cargo Handling Equipment -Per month | Each | 1,875.00 | 2,343.75 |
| | (c). Private Cargo Handling Equipment - Per half year | Each | 9,000.00 | 11,250.00 |
| | (d). Private Cargo Handling Equipment -Per annum | Each | 16,920.00 | 21,150.00 |
| 6. | Issue of duplicate licence against 1 to 3 | Each | 60.00 | 75.00 |
| 7. | Issue of duplicate licence against 4 and 5 | Each | 90.00 | 112.50 |
| 8. | All light vehicles viz two wheelers, three wheelers, cars, vans etc. per Annum | Each | ------ | 10.00 |

**Notes:**

(1). Hand craft and Animal carts shall be required to pay the licence fee only for entry into the Security Wall in Zone A and Zone B.

(2). The following vehicles will be exempted from the payment of licence fee:

(i). Vehicles belonging to

(a). V.O. Chidambaranar Port Trust and other Major port trusts and

(b). Tuticorin Thermal Power Project.
The above vehicles should obtain general or specific permission from the concerned head of the department of the port trust or the Traffic Manager of the port trust.

(ii). Regular route buses and school buses.

(iii). All vehicles carrying household goods to and from residence of the Harbour colony and other residences located inside the check gates.

(3). Conditions for issue of licences:

(i). Licences issued for a day shall be called temporary licence.

(ii). The payment of licence fee will not automatically entitle the owner of a vehicle / equipment for entering the zones.

(iii). No refund is permissible for the charges once paid and of the unexpired period of licence.

(iv). Whenever damage to the port's property is caused by any vehicle / equipment plying within the port premises, the owner of the vehicle / equipment shall accept liability thereof and pay the damages resulting there from and the port reserves the right to suspend the operation of the licence issued or the issue of the licence to the owner or agent of the vehicle / equipment until such damage is made good.

(v). The port reserves the right to refuse a licence or cancel a licence issued without assigning any reasons.

(4). 10% of actual cost is fixed as a penalty for late submission of application for renewal of Licence.

(5). The rates in respect of Sl.No.5 will be applicable for all other heavy duty equipment(s) not specified in the Schedule. Also the rates will be applicable for engaging private grabs.

(6). The Unit "Day" for Licence Fee the daily pass means 24 Hours from the time of entry.

### 5.17. PASSENGER TOLL AND CHARGES FOR VARIOUS TYPES OF VEHICLES ACCOMPANYING PASSENGERS

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Passenger Toll. | | |
| | (i). For II and III class | Each | 30.00 |
| | (ii). For Deluxe cabin and I class. | | 53.00 |
| 2. | Charges for vehicles accompanying passengers. | | |
| | (i). Motorcycles, scooters, mopeds, cycles fitted with motors and other powered two wheeled vehicles. | - do - | 41.00 |
| | (ii). Motor cars. | - do - | 319.00 |
| | (iii). Motor vehicles like tourist car, vans on wheels. | - do - | 537.00 |
| | (iv). Motor vehicles like buses, dumpers and lorries. | - do - | 850.00 |

**Notes:**

(1). The passenger toll shall be levied on all deck and cabin passengers disembarking and embarking at the Port.

(2). Defence personnel other than civil staff moving on duty disembarking and embarking at the port shall be exempted from the payment of the passenger toll.

### 5.18. ISSUE OF DUPLICATE COPY OF BILLS AND RECEIPTS, ETC.

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Issue of duplicate copy of bills and receipts etc., | Each | 50.00 |

### 5.19. CHARGES FOR HIRE OF WOODEN LOGS TO SAILING VESSELS.

| Sl. No. | Particulars | Unit | Rates (in ₹) |
|---|---|---|---|
| 1. | Charges for hire of wooden logs to sailing vessels. | Per day | 70.00 |

**5.20. CHARGES FOR USE OF HARBOUR MOBILE CRANES INSTALLED BY THE PRIVATE OPERATORS:**

(I). For Dry Bulk Cargo

| **Average daily crane performance (in Metric Tonne)** | **Ceiling rate per tonne (in ₹)** | |
|---|---|---|
| | **Foreign** | **Coastal** |
| 9500-10499 | 31.72 | 19.03 |
| 10500-11499 | 33.59 | 20.15 |
| 11500-12499 | 35.46 | 21.28 |
| 12500 | 37.33 | 22.40 |
| 12501-13500 | 39.20 | 23.52 |
| 13501-14500 | 41.07 | 24.64 |
| 14501 – 15500 | 42.94 | 25.76 |

**Note**: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The rate for third thousand tonnes was arrived by enhancing the base rate by 115%. The same methodology shall also be adopted to calculate the rate beyond 15500 tonnes. Likewise, ceiling rates for performance below 9500 tonnes shall be calculated by reducing the base rate accordingly.

(II). For Break-bulk cargo:

(A). Steel and Bagged Cargo

| **Average daily crane performance (in Metric tonne)** | **Ceiling rate per tonne (in ₹)** | |
|---|---|---|
| | **Foreign** | **Coastal** |
| 5000-5999 | 73.91 | 44.35 |
| 6000 | 77.80 | 46.68 |
| 6001-7000 | 81.69 | 49.01 |

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

(B). Others

| **Average daily crane performance (in Metric tonne)** | **Ceiling rate per tonne (in ₹)** | |
|---|---|---|
| | **Foreign** | **Coastal** |
| 2750-3749 | 118.32 | 70.99 |
| 3750 | 124.55 | 74.73 |
| 3751-4750 | 130.78 | 78.47 |

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

**Notes**:

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

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

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

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

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

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

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

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

### 5.21. CHARGES FOR RECOVERY OF OVERHEAD EXPENSES FOR SUPPLY OF ELECTRICITY BY PORT

| Sl. No. | Particulars | Rates (in ₹) |
|---|---|---|
| 1. | Charges for recovery of overhead expenses for supply of electricity by port | 1.15 per unit of electricity consumed |

## CHAPTER – VI

## TUTICORIN PORT TRUST CARGO HANDLING LABOUR POOL LEVY

### 6.1. LEVY FOR SUPPLY OF LABOUR FROM TUTICORIN PORT TRUST CARGO HANDLING LABOUR POOL (TPTCHLP) FOR CARGO HANDING OPERATIONS

| Sl. No. | Description | Rate (in ₹ per metric tonne) |
|---|---|---|
| 1. | All cargoes other than Coal and Salt | 17.25 |
| 2. | Coal at Jetty II | 10.45 |
| 3. | Salt | 18.00 |
| 4. | For container stuffing and destuffing operations | @ 200% of Time Rate Wages |
| 5. | C&F Operation at Transit Shed and Ware house etc. levy | ₹10/- Per metric tonne |
| 6. | For Zone 'B' | ₹10/- Per metric tonne |

### 6.2. PENSION FUND LEVY

Pension fund levy @ ₹9.00 per M.T. will be collected by the VOCPT to meet the shortfall in the Pension fund liability. The levy will automatically cease from 1 April 2013. The quantum of levy for the subsequent period will be determined on review at the end of this tariff cycle.

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

**F. No.TAMP/9/2010 -TPT - Proposal received from the V.O. Chidambaranar Port Trust for general revision of its Scale of Rates.**

The summary of comments received from users / user organisations and comments of V.O. Chidambaranar Port Trust (VOCPT) thereon are tabulated below:

| Sl. No. | Comments of users/ user organisations | Comments of VOCPT |
|---|---|---|
| 1. | **All India Chamber of Commerce & Industries (AICCI)** | |
| (i). | Due to impact on the economic contraction, the business in all areas especially in the shipping industry are badly affected. Hence, we are of the view that the prevailing Scale of Rates may be continued and no increase is warranted. | No comments furnished. |
| (ii). | The Awards passed by the Industrial Tribunal, Chennai should be implemented by the Tuticorin Port Trust. | This is outside the purview of the current proposal as it relates to TPT CHLP. |
| (iii). | New purchase of tugs, equipments and other costly machineries should not be made. Instead, VOCPT should explore the possibility of outsourcing of the inevitable requirements. | Already VOCPT is implementing outsourcing of services based on Government policies. |
| (iv). | As far as documentation is concerned, we are of the views that single window system should be implemented. | Central Documentation Centre is in operation. |
| (v). | The present procedure of approaching various officers for obtaining their signatures may be dispensed with. | This is procedural issue and it is outside the current proposal. Hence, the issue may be taken up through other forum like Port Users meeting. |
| (vi). | Presently, the manpower in VOCPT is on the higher side. Therefore, the possibility of reducing the manpower should be explored by VOCPT to reduce administrative cost. | No, VOCPT is operating with scarce manpower and most of the operations are being done through outsourcing only. VOCPT is regularly taking steps to control cost. |
| 2. | **SHV LPG India Private Limited (formerly Caltex Gas India Pvt. Ltd.)** | |
| (i). | The proposal of VOCPT to increase the dredging levy from the current level of 30% to 53% is very high. | Current proposal is brought down to 33% from 53% due to incorporation of actual 2009-10 and revised projections for 2010-11. |
| (ii). | This proposal needs a review and further discussion with all stakeholders. | Joint hearing will offer the forum for discussion. |
| 3. | **The Indian Coastal Conference (ICC)** | |
| (i). | **Form-1. Section 5.** *"Change in average cost for a typical port user if there are amendments proposed on Vessel related charges"*, should not show cost for consignee or shipper but should reflect vessel user as the vessel operator generally pays this cost not the cargo interest. However since no quantitative nature amendments are proposed on port dues, pilotages, and berth hire, it's presumed that the figures shown have no relevance to implications on cost in this case. | This is as per TAMP format. No deviation is possible. |
| (ii). | **Form 1 Section 6.** *"Provide current performance and targeted objectives for productivity enhancement measures"*-<br><br>With reference to the figures shown in this form the elements included and their basis is not clear. | The figures are based on Port's Annual Accounts and consists of Salaries & Wages, Stores, General Expenses, Travel Expenses, Medical Expenditure, Furniture & Sundry expenses, Repair & Mtc., wharf cranes, Tugs etc., Port security, Electricity, water supply etc., This is available in Administration Report of Port which is available in port website also. |

<table>
<tr>
<td>(iii).</td>
<td>Form 1 Section 7 - Annual Financial implication of the proposal (Change in revenues on account of tariff revision)-<br><br>(a). Sr. No.1 shows for Cargo Handling Charge there would be increase of ₹685.64 lakhs in the income due to changes proposed in the Scale of Rates. Form 2B giving income projections, under item Sr. No. VIII Warehousing reflects net increase of ₹685.64 lakhs per annum in the revenue, due to proposed change. The only major apparent change proposed is in License fee under section 3.3 for Zone B charges which were earlier at 50% level are now proposed to be at 100% level of the Zone A. It is to be clarified whether this the only reason for the increase projected in the revenue.<br><br>(b). Sr. No.2 shows in case of Vessel related charges there would be deficit of 642.06 lakhs per annum due to proposed changes in the year 2010-11, 2011-12, 2012-13. Since there are no change proposed in vessel related charges, why should such deficit arise? The form 2-B giving income projections under item Sr. No.B shows reduction in vessel related income to the tune of 43.58 lakhs for all three years. Considering the steady rise so far YOY (as is evident from details providing in the proposal from year 2002), would port traffic or it's income face a downward trend. The actuals for the year 2008-2009 which was one of the worst years also shows growth. 2009-2010 actual figures if now available will also help to give an indication of the trend.<br><br>It needs to be established whether increase in the dredging levy on vessel related charges is the only option available.</td>
<td><br><br><br>(a). Yes, this is confirmed. In addition to rates for storage, the rates for Zone-B is proposed for increase.<br><br>(b). Though, traffic is increasing the no. of vessels are decreasing meaning higher parcel size/vessel. This reduces the Port Dues and Pilotage proportionately and Berth hire to some extent. Revised calculations showing Actuals 2009-10 and Targets (Revised) for 2010-11 depict deficit of 0.77% (average) and the revised dredging levy is worked out at 33% of the vessel related charges.<br><br>The calculation of dredging levy is a different exercise and is based on debt servicing cost and depreciation relating to Dredging Capital incurred in 1999 to increase the draft to 10.7 mtr.</td>
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<td>(iv).</td>
<td>There is a major change proposed in Chapter V, Schedule 5.02.1 and 5.02.2 of the Scale of Rates.<br><br>(a). In notes provided below the section, earlier the berth hires were inclusive of crane. However now it is proposed that only one crane will be treated as provided free and for additional crane hire charges is proposed to be levied as mentioned in 5.03 Sr. No.7. The rate proposed is over ₹3000/hour, though there is no guarantee of a port crane being available.<br><br>(b). It's found to be too exorbitant when compared with 20 T Grab wharf crane prescribed at 9636 ₹/ shift as per Schedule 5.02.2.<br><br>Working with just one crane is not practical as the productivity will be seriously affected and same time paying ₹3000 + every hour for a crane is a very steep and unrealistic cost. Two of such cranes if paid for, would probably entail a payment more than the charter hire of a minibulk carrier.</td>
<td>The rate is inclusive of all cost of operation as per TAMP format and is meant for usage of crane for miscellaneous purposes other than Cargo Handling. But, ₹9636/- per shift is for usage of Grab of wharf crane. Hence, cannot be compared.<br><br>Port's wharf crane utilisation is given below:<br><br><table><tr><th>Year</th><th>% of availability</th><th>% of Utilisation</th></tr><tr><td>2007-08</td><td>97.21</td><td>55.22</td></tr><tr><td>2008-09</td><td>96.43</td><td>53.92</td></tr><tr><td>2009-10</td><td>98.01</td><td>61.45</td></tr></table><br>Hence, the Port provides wharf crane to the requirements of users as depicted by high percentage of utilisation.<br><br>As Berth hire is inbuilt with usage of one wharf crane, the other crane will be made available on chargeable basis.</td>
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<td>(v).</td>
<td>The Scale of Rates provides concession for handling "Coastal Cargo / Container", however it is found that in absence of a definition different interpretations are made for the term "Coastal Cargo / Container". It will be helpful if it is clarified that cargo / container carried between two Indian ports should be treated as "Coastal cargo/ container" and to further explain that the status of vessel being "Coastal" or "foreign going" or nature of cargo being domestic or Exim is not relevant.</td>
<td>This is already incorporated in 1.2. General Terms & Conditions. The points made are not based on actual facts. Specific instances may be elaborated for possible resolution.</td>
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<table>
<tr><td></td><td>In absence of such definition, it's found that even after Government policy, Coastal Shipping is being deprived of concessions due to different interpretation. It is also requested that the concession be allowed to all handling charges except storage charges so that different nomenclature used by ports / terminals will not deprive Coastal Shipping of the concession provided.</td><td></td></tr>
<tr><td>4.</td><td>Tamil Nadu Electricity Board (TNEB)</td><td></td></tr>
<tr><td>(i).</td><td>The vessel related charges (Port dues, pilotage, berth hire charges) and way leave charges for the conveyor system owned by TTPS in the port area on coal moved through conveyor which was implemented w.e.f. 28 September 2008 has been retained without any change. But the capital dredging levy (applicable on ports dues + pilotage + berth hire) has been increased from 30% to 53% which amounts to an increase of about 77%, considering the increase in dredging levy alone. But when considering the overall impact on the vessel related charges it is seen that the vessel related charges has been proposed to be increased by 18% due to the increase in the dredging levy.</td><td>Dredging levy is a requirement for creation of deep draft to 10.70 mtr. TNEB is the highest beneficiary as depicted by the following:-
<table>
<tr><th>Year</th><th>Tonnage (in Lakhs)</th><th>No. of vessels</th><th>Tonnage per vessel</th></tr>
<tr><td>1999-2000</td><td>35,54,072</td><td>111</td><td>32,019</td></tr>
<tr><td>2007-08</td><td>61,12,206</td><td>141</td><td>43,349</td></tr>
<tr><td>2008-09</td><td>58,80,295</td><td>149</td><td>39,465</td></tr>
<tr><td>2009-10</td><td>56,11,521</td><td>140</td><td>40,082</td></tr>
</table>
As per the revised calculation, dredging levy is kept at 33% instead of 53%.</td></tr>
<tr><td>(ii).</td><td>In this regard, it is stated that the capital dredging levy at 50% of port charges was imposed from 14 July 2000 in order to recover the capital dredging expenditure. Subsequently, on representation by the port users the capital dredging levy was reduced from 50% to 30% vide Gazette Notification dated 4 October 2002. Due to the above levy for dredging, Tuticorin Port Trust would have already generated sufficient revenue in the past 8 years and this would have offset the capital dredging expenditure of Tuticorin Port Trust to a great extent.</td><td>In the revised proposal dredging levy is modified to 33% instead of 53%. The revision is based on established procedures to recover the debt servicing cost plus depreciation. Hence it is justified.</td></tr>
<tr><td>(iii).</td><td>Moreover, now even though no new dredging works has been proposed at Tuticorin Port Trust it is seen that the dredging levy has been increased from 30% to 53%. TNEB/PSV vessels are operated only in the Coal Jetties-I and II. But the present proposal from TAMP does not indicate any capital dredging works that are to be carried out in coal jetty - I and II. Under the above circumstances, the levy of dredging levy for TNEB/PSC vessels discharging at CJ1 and CJ2 needs to be justified. On the contrary, since the dredging work of CJ1 and CJ2 to 10.7 mtrs. for which the capital dredging levy was earlier implemented has been completed, it is requested that the dredging levy for vessels discharging at CJ1 and CJ2 may be completely deleted.</td><td>The dredging levy with respect to dredging to 10.7 mtr. in 1999 and TNEB is the beneficiary. Deleting the special rate for dredging is not possible.</td></tr>
<tr><td>(iv).</td><td>Regarding berth hire charges, the existing berth hire charges is proposed to be retained. When compared with the rates that at Haldia, Paradip and Vizag, the following is observed:
<table>
<tr><th>Haldia</th><th>Paradip</th><th>Vizag</th><th>Tuticorin</th><th>Percentage over Haldia</th><th>Percentage over Paradip</th><th>Percentage over Vizag</th></tr>
<tr><td>0.038</td><td>0.098</td><td>0.03</td><td>0.12</td><td>215%</td><td>22%</td><td>300%</td></tr>
</table>
It may be seen from the above, the berth hire charges at Tuticorin is higher than the berth hire charges presently applicable at Haldia, Paradip and Vizag by 215%, 22% and 300% respectively.<br><br>
In view of the above, it is requested that the proposed increase in the capital dredging levy at Tuticorin may be</td><td>This is issue is to be viewed in totality and not with respect to berth hire charges. The rates cannot be compared with other ports as the cost and facilities are different.<br><br>
Based on the above submissions, the dredging levy is payable by all using deep draft berths including TNEB.</td></tr>
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| | completely deleted for vessels discharging at Coal Jetty 1 and 2. Also, the berth hire charges presently applicable may be reduced by 58% to be on par with the average berth hire charges of Haldia, Paradip and Vizag. | |
| 5. | **Tuticorin Custom House Agents' Association (TCHAA) and Tuticorin Port Handling Agents Association (TPHAA)** | |
| (i). | The global recession and the continuous economic uncertainty which followed, is in fact, a greatest blow to the trade; in particular, to the shipping industry. Economic contraction and the steep decline of exports, practically experienced in the near-past, exposes an unusual and unprecedented bleak period ahead. In the changed scenario, our members are rather finding it very difficult to run the show. At this critical juncture of turmoil and total dismay, the whole industry is at a loss and it is beyond our perception as to how long such a condition would prevail at all.<br><br>Any increase in Scale of Rates will have large repercussion which will only hit the trade. When the survival even is under question any enhancement in charges would only lead to jeopardize the whole shipping community. Considering this, it will be but fair that the present Scale of Rates is continued for another one term of three years without revision. | Port's proposal is to continue existing rates except increase in storage charges which has no impact on the maritime trade. Increase in storage charge is unavoidable and it is to ensure quick clearing of cargo from limited storage space to save way for incoming cargo. |
| (ii). | <u>Cleaning Charges</u>:<br>For dusty cargo a new tariff of cleaning charges is proposed. The concept of separate cleaning charges is not acceptable as wharfage dues have been fixed for all cargo, taking various factors into consideration and it is necessarily to be construed that the wharfage charges are inclusive of the concept of cleaning charges. In fact, in many of the ports, shore handling charges are also included in the wharfage charges and there is no necessity for booking gangs in the shore operation. Whereas, in Tuticorin Port, the shore operation is separately handled by the receivers / shippers and additional cost on account of cleaning is also claimed. This is not a fair practice and hence needs to be deleted. | Not agreed to as Port has to comply with Environmental Management System (EMS) and Tamil Nadu Pollution Control Board regularities. |
| (iii). | <u>Rental for open space</u>:<br>The port is having abundant open space for storage of export / import cargo and it is the main advantage of Tuticorin Port. The port has proposed exorbitant increase of 150% in the licence fee. This is not acceptable and the rates needs to be maintained at the present level of ₹6.40 per sq. mtr. per month. Similarly, for the open space within the security wall of the port, the existing rate is ₹8/- per sq. mtr. per month. This has been enhanced to ₹32/- per sq. mtr. per month. Here again we request that the existing rate of ₹8/- per sq. mtr. per month should be maintained. | It is arrived at quick clearance of cargo to pave way for incoming cargoes and the rates are comparable with nearby Ports. |
| (iv). | <u>Wharf Crane hire charges</u>:<br>Hire charges for wharf crane of 6 ton and 10 ton were fixed at ₹295/- per hour and now it is proposed to be increased to ₹3,424/- per hour. The increase works out to 1061% which will be a great blow to the trade. The existing rate should be maintained. | This is only for miscellaneous purposes. For normal cargo handling, the charges are inbuilt in Berth Hire charges. The proposed rate is for other than cargo handling operation from/to ship. When new equipment is introduced cost will be naturally more with respect to cost of investment. Hence, the proposal is to be considered favourably. |
| (v). | <u>Fire fighting equipment</u>:<br>The charges for fire fighting equipment have also been substantially increased from the existing rates. This is a | It is due to increased salaries on fire fighting personnel and introduction of new fire tenders and other equipments so as to |

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| | vital requirement, which the port is providing and increasing cost substantially on this account, will be detrimental to safety and hence the existing rate may be continued. | ensure safety. Hence the increase is justified. |
| (vi). | Temporary Passes:<br>Charges for issue of temporary passes was fixed at ₹12/- per day. According to the proposal, if the entry is beyond 24 hours, a fee of ₹50/- per person and similarly ₹100/- for period beyond 15 days and upto 30 days have been proposed. These rates have to be reduced and we suggest that there should be a provision for weekly pass at ₹12/- per person. | For security reasons either daily passes/monthly passes only is possible. Further segregation is not agreed to. |
| 6. | **Tuticorin Ship Agents' Association (TSAA) and Shipping Corporation of India Limited (SCI)** | |
| (i). | The TSAA and SCI have reiterated the first point above made by the TCHAA. | The VOCPT has already furnished comments on the points made by TCHAA. |
| (ii). | Pilotage charges for service not utilized after the Pilot has boarded a ship:<br><br>Under normal circumstances for berthing of vessel or sailing of vessel, the services of pilots are utilized by the ships and only on emergency situation the pilots who have been requisitioned but not utilized after the pilot has boarded a vessel happens. This is a very abnormal case and mainly on certain emergency situation only. Hitherto, the charge on the above account was at a flat rate of US $ 55.3214 for foreign going vessels. However, the new Scale of Rates prescribe 25% of normal pilotage charges and it will be much higher when compared to the earlier charges. It is requested to maintain the existing tariff. | This is a penal clause and hence no change is possible. |
| (iii). | Pilotage fee under 'cold move':<br>A new tariff has been prescribed at double the rates for piloting a vessel on cold move either partly or fully. Clarity should be provided for double the rates of pilotage for cold move during berthing and during sailing. If cold move is required only during berthing or only sailing, the additional pilotage fee shall be 50% extra? Similarly, for shifting operation under cold move, the pilotage fee shall be 25% of pilotage charges only. | 100% pilotage fee is applicable when full pilotage fees is involved. If shifting is involved 100% of shifting charges shall be applicable towards shifting charges. |
| (iv). | Berth hire for Repairing / Bunkering purposes:<br>Double the berth hire charges is proposed for vessels undertaking repairing and bunkering at the berth. If there is no other vessel waiting for cargo operation, only then, vessels requiring repairs/bunkering are provided with suitable berth. If cargo operating vessels are waiting, priority is given to those vessels and vessels requiring repair/bunkering are shifted to outer roads for handling the repair works etc. If the vessels are allowed to continue the repairing or bunkering at the berth, the berth hire shall be claimed at normal charges and not with double the berth hire charges. | Not agreed to – as Ports berths are required for handling cargoes through vessels. |
| (v). | Penal berth hire:<br>Most of the time the vessels berthing time is not predicted clearly and hence the receivers/shippers are not in a position to book gangs prior to berthing. There is no provision for booking gangs on the spot after the berthing of the vessels during any time of the shift. The port has provided with hourly berth hire concept, whereas there is no such initiation from Tuticorin Port Trust Cargo handling labour pool and hence the stevedores and receivers/ shippers prefer to book the gang after berthing of the vessel, so that the full shift is utilized efficiently with cargo operations. Hence, collection of penal berth hire for | Not agreed to – as TPT CHLP is separate Scheme. The issue is distinct from current proposal and hence, the booking of Gangs has no relation to Berth Hire Charges. |

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| | vessels idling at the berth without gang after 4 hours is not acceptable. | |
| (vi). | <u>Special rate for Capital Dredging</u>:<br>The work of capital dredging at VOCPT was undertaken during 1999 and it is more than 11 years now. The dredging levy is collected for the last 11 years and it should have been gradually reduced and even withdrawn. The present draft itself is felt insufficient and hence many of the ships have to go for lightening the cargo whenever the vessels arrive above 10.7 meters draft. The much awaited dredging of Tuticorin Port to 12.8 meters is being held up and 12.8 meters draft will be made available only in selected berths. Hence the proposal to increase the dredging levy is not justified. Further, due to cargo diversion to neighbouring ports, it is suggested that the dredging levy should be reduced further, if not abolished. | Revised calculations shows dredging levy at 33%. |
| (vii). | <u>Anchorage fees</u>:<br>During the initial period there was no such term as anchorage fees. At the time of implementation of anchorage fees, it was informed that vessels which are not ready for cargo operation and waiting at the anchorage only will be charged with anchorage fees. But the concept has now been modified and indicates that any vessels which is required to stay beyond 12 hours at anchorage will have to pay the anchorage fees. This anchorage fee is not acceptable. If vessel is ready for berthing and if the port is not in a position to provide berthing due to occupancy of all the berths there should not be any levy of anchorage fees for such vessels. | Not agreed to as anchorage fees is a protection against using Anchorage as resting place. |
| (viii). | <u>Cleaning Charges</u>:<br>For dusty cargo a new tariff of cleaning charges is proposed. The concept of separate cleaning charges is not acceptable as wharfage dues have been fixed for all cargo, taking various factors into consideration and it is necessarily to be construed that the wharfage charges are inclusive of the concept of cleaning charges. In fact, in many of the ports, shore handling charges are also included in the wharfage charges and there is no necessity for booking gangs in the shore operation. Whereas, in Tuticorin Port, the shore operation is separately handled by the receivers / shippers and additional cost on account of cleaning is also claimed. This is not a fair practice and hence needs to be deleted. | Wharfage dues is for usage of landing places for the Berth. The issue of cleaning charges is to comply with Environmental Management System (EMS) and Tamil Nadu Pollution Control Board regulations so as to maintain the Port clean. |
| 7. | **Indian Chamber of Commerce & Industry (ICCI)** | |
| (i). | <u>Pilotage charges not utilised after the Pilot has boarded a ship</u>:<br><br>The services of the pilots are required only on emergency situations. As such levy of charges on this count at an increased rate of 25% of pilotage fee is too high. Hence the current rate may be maintained. | The increase in cleaning charges, rent for open space, wharf crane hire charges are inevitable. Increase in charges for fire fighting and temporary passes are based on cost incurred.<br><br>Though no separate comments are furnished, VOCPT has furnished its comments on similar points made by other user associations. |
| (ii). | <u>Pilotage fee under 'cold move'</u>:<br><br>This is a new tariff. Cold move is required only during berthing or only sailing. Therefore for cold move pilotage fee, may be 50% extra and for the shifting operation under cold move, it should be 25% of pilotage charges. | |

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| (iii). | Berth hire for Repairing / Bunkering purposes:<br><br>The charges are levied only for vessels requiring repair works and bunkering at the berth. These vessels are provided with suitable berth. As priority of providing berth is given to vessels waiting cargo for operation, the vessels which have to undertake repair works and bunkering are shifted to outer roads. As such normal berth hire charges should be applicable. | |
| (iv). | Penal berth hire:<br><br>Normally the vessels berthing time can not be determined in advance. The shippers / receivers and stevedores usually choose to book the gang after berthing of vessel keeping in mind full utilisation of shift. This aspect may be examined and the penal berth hire may not charged. | |
| (v). | Special rate for Capital dredging:<br><br>The dredging work in respect of 12.8 meters has to be undertaken and implemented as this is pending for want of approval from Shipping Ministry, Government of India. Once this is implemented special rate for capital dredging will not arise. | |
| (vi). | Anchorage fee:<br><br>Anchorage is done only for vessels which are not ready for cargo operations. But in cases where the port is not a position to provide berth due to occupancy, the vessels need to be anchored. So anchorage fee should be applicable to vessels which are not ready for cargo operations due to their own reasons. | |
| (vii). | Cleaning charges:<br><br>The wharfage dues are inclusive of cleaning work. The element of cleaning work is to be taken while determining the wharfage dues. As such, the question of collecting cleaning charges separately does not arise. | |
| 8. | **Darangdara Chemical Works Limited (DCW)** | |
| (i). | There is a cut-throat competition between the imported and indigenous products. In such situation any decision on the part of indigenous manufacturer to hike the cost of his product will ultimately result in total ruin. Hence, there is no possibility to increase the cost of products at present.<br>In this situation given above what the industries expected from the State & Central Governments as well the industry oriented utility bodies like Port Trust, Electricity Board, Water Board, etc., is only to maintain the present cost structure atleast for the next two years though no rebate can be expected from them in the given conditions. | No increase is proposed in general. In respect of licence fee for open space increase is based on rate for similar services as in Chennai Port Trust the same increase may be admitted. |

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| (ii). | Indian industry is very much burdened after introduction of service tax on all services including port activities from 2004 and is increased by year to year. In addition to this, port has proposed 121.58% hike in lease rentals on port lands which is 8.225 times of existing lease rentals (presently lease rentals are charged per sq. mtr. on annual bases and now proposed to charge rentals on sq. mtrs. on monthly basis). There is no survival for the port based industries like ours and we strongly protest the hike of leased rentals on port lands. With the total depressed market conditions even if the manufacturer reluctantly accepts such a huge hike, the normal course it has to necessarily pass on the same only to the ultimate customer. There will be no takers for indigenous products and the entire domestic market will grind to a halt. | |
| (iii). | Tuticorin port is developed to the level of major ports. It can implement mechanised operations and by way of that port can earn more revenue instead of increasing charges due to slow load/discharge rate. | |
| (iv). | Existing rentals on port leased lands itself are in high rates and industry is facing very difficult to bear. | |
| (v). | Taking into consideration all these factors, TAMP is requested to keep in abeyance the increase proposed in the Scale of Rates for atleast next three years and thereafter weighing the pros and cons then prevailing take a suitable decision. | |

2.1. A joint hearing in this case was held on 29 March 2011 at the V.O. Chidambaranar Port Trust (VOCPT) premises. The VOCPT made a powerpoint presentation of its proposal.

2.2. At the joint hearing, VOCPT and the concerned users/ organisation bodies have made the following submissions:

**V.O. Chidambaranar Port Trust**

(i). We have not proposed any increase in any of the existing rates.

(ii). We propose to withdraw the “deemed shifting charges”, which was levied for shifting vessels with dusty cargo.

(iii). Shifting within north break water and south break water will be delinked and charged separately.

(iv). We propose increase in licence fee for storage to bring the rates comparable with neighbouring ports.

(v). Proposed increase in cleaning charges from Re.1/- to ₹5/- is mainly to meet cost of environment management. We spent about ₹5 crores p.a. on environment management.

(vi). We expect the existing dredging levy will vanish in next 4 to 5 years. Slight increase is proposed so that phasing out will be faster.

(vii). One wharf crane is included in the berth hire. Only when additional crane is deployed, separate rate will be levied.

(viii). New rate of ₹3424/- hour for crane is not for normal cargo handling operation.

**All India Chamber of Commerce and Industry**

(i). No specific comments.

**Tuticorin Ship Agents Association**

(i). We request the port not to levy shifting charges when shifting is for port convenience.

(ii). Berth hire includes provision of wharf cranes. Port has provided cranes now so. They should not levy any charge separately, it should be part of berth hire. Two crane should be provided free.

(iii). No justification in 5 fold increase in cleaning chares. Cargo interests themselves clean the berths. If at all, any increase is to be allowed for general cost escalation, then it should be reasonable.

(iv). Cleaning charges are included in wharfage.

**Tuticorin Custom House Agents Association**

(i). We have been getting two wharf cranes. Introduction of new cranes cannot alter this position. Port can't levy additional cranage for providing $2^{nd}$ wharf cranes.

(ii). Provision of handling equipment for cargo operations should be provided without any additional charge.

(iii). Cleaning of wharf is done by stevedores. Therefore, cleaning charges should be deleted from SOR.

**Container Shipping Lines Association (India)**

(i). Proposed increase in licence fee will have significant impact on container storage.

**Tamil Nadu Electricity Board**

(i). Dredging levy need not be increased.

**Tuticorin Chamber of Commerce and Industry**

(i). No special comments other than our written submissions.

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