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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 427 **New Delhi,** **28 November 2016**

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Sections 48, 49 & 50 of the Major Port Trusts Act, 1963, had disposed of the proposal received from the V.O. Chidambaranar Port Trust (VOCPT) for general revision of its Scale of Rates, in the Meeting of this Authority held on 17 September 2016. However, considering the time involved for notifying (Speaking) Order along with the revised Scale of Rates, this Authority decided to notify only the revised Scale of Rates immediately. Accordingly, the Scale of Rates approved on 17 September 2016 was notified in the Gazette of India on 10 October 2016 vide Gazette No.370. It was stated in the said Notification that this Authority will notify the Speaking Order, in due course of time. Accordingly, this Authority hereby notifies the reasoned Speaking Order connected with disposal of the proposal of the VOCPT for general revision of its Scale of Rates as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/29/2016-VOCPT

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

QUORUM

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

O R D E R

(Passed on this 17th day of September 2016)

This case relates to the proposal dated 7 May 2016 received from V.O. Chidambaranar Port Trust (VOCPT) for general revision of its Scale of Rates (SOR).

2.1. The existing SOR of VOCPT was last approved by this Authority vide Order No.TAMP/47/2012-VOCPT dated 04 August 2014 which was notified in the Gazette of India on 19 August 2014 with Gazette no.243. The validity of the existing SOR of the VOCPT prescribed in the said Order was till 31 March 2016.

2.2. This Authority passed an Order dated 19 May 2016 extending the validity of existing SOR of VOCPT including the Pension Fund Levy prescribed in the existing SOR till 31 August 2016 or till the effective date of implementation of the revised SOR, whichever is earlier for the reasons stated in the Order. While extending the validity of the SOR, it was stated that the treatment of additional surplus, if any, accruing to the VOCPT for the period beyond 1 April 2016 will be governed by the New Tariff Policy for Major Port Trusts, 2015.

3.1. The VOCPT under cover of its letter dated 07 May 2016 has submitted its proposal for General Revision of its Scale of Rates following Tariff Policy, 2015 along with draft SoR and Proposed Performance Standards.

3.2. The VOCPT has made the following submissions in its proposal for general revision of its SOR:

(i). The Average revenue Requirement (ARR) is separately assessed for port and CHD.

(ii). The VOCPT has furnished detailed computation of Annual Revenue Requirement (ARR) under Form 1 and Revenue estimation at the proposed rate in Form 3.

(a). A summary position of ARR computation furnished by VOCPT for Port (excluding CHD) is tabulated below:

(₹ in lakhs)

Sl. No.	Description	Y1 (2011-12)	Y1 (2012-13)	Y2 (2013-2014)
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	9,081.42	9,618.80	10,479.36
(ii).	Management & general Overheads	5,221.51	5,729.93	6,816.73
(iii).	Finance and Miscellaneous expenses (FME)	4,565.21	5,545.57	5,740.22
	Total Expenditure 1=(i)+(ii)+(iii)	18,868.14	20,894.30	23,036.31
(2).	**Less Adjustments:**			
(i).	Estate related expenses			
	(a). Operating expenses (including depreciation)	636.24	463.86	1,377.83
	(b). Allocated Management & Administrative Overheads	647.64	619.98	899.99
	(c). Allocated FME	334.39	384.23	428.09

	Subtotal 2 (i)=[(a)+(b)+(c)]	1,618.27	1,468.07	2,705.91
(ii).	**Interest on loans**	-	-	-
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(a).	-	-	-
	(b).	-	-	-
	(c).	-	-	-
	Subtotal 2 (iii) = [(a)+(b)+(c)]	-	-	-
(iv).	**4/5th of the Contribution to the Pension Fund**	1,300.97	640.00	1,720.00
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	1,804.84	2,008.71	2,837.17
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	58.54	58.83	76.05
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	58.54	58.83	76.05
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	4,782.62	4,175.61	7,339.13
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	14,085.52	16,718.69	15,697.19
(4).	Average Expenses of SI. No. 3 = [Y1 + Y2 + Y3] / 3			15,500.46
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)			88,644.92
	(ii). Add: Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)			9,980.39
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.			650.69
	(iv). Less: Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts. (VII Berth ₹2637.70 Lakhs + VIII Berth ₹2375.04 Lakhs+ NCB-1 1732.05)			6,744.79
	(v). Less: Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.			-
	(vi). Add: Working Capital as per norms prescribed in **clause 2.5.** of the Working Guidelines			
	(a). Inventory			257.19
	(b). Sundry Debtors			228.39
	(c). Cash			1,534.78
	(d). Sum of (a)+(b)+(c)			2,020.35
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]			93,250.18
(6).	**Return on Capital Employed 16% on SI. No. 5(vii)**			14,920.03
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**			30,420.49
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**			**32,245.72**
(9).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (7*1.0382)**			**33,477.51**
(10).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**33,477.51**
	Less: Balance available under Escrow A/c as on 31.3.2014			**5,637.03**
	Net ARR			**27,840.48**
(11).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl No. 10 above**			**27,840.87**

(b). A summary position of ARR computation furnished by VOCPT for CHD is tabulated below:

(₹ in Lakhs)

Sl. No.	Description	Y1 (2011-12)	Y1 (2012-13)	Y2 (2013-2014)
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	5,165.96	5,753.90	5,845.41
(ii).	Management & general Overheads	-	-	-
(iii).	Finance and Miscellaneous expenses (FME) as per Accounts	1,999.90	1,353.06	1,119.98
(iv)	Less: Contribution to Pension Fund	354.00	294.98	-
(v)	Balance F & M Expenditure	1,645.90	1,058.08	1,119.98
(vi)	Add: Pension Fund shortfall in the opening	6,281.76	10,720.69	21,136.00
	Total Expenditure 1=(i)+(ii)+(v)+(vi)	13,093.62	17,532.67	28,101.39
(2).	**Less Adjustments:**			
(i).	Estate related expenses			
	(a). Operating expenses (including depreciation)	-	-	-
	(b). Allocated Management & Administrative Overheads	-	-	-
	(c). Allocated FME	-	-	-
	Subtotal 2 (i)=[(a)+(b)+(c)]	-	-	-
(ii).	**Interest on loans**	-	-	-
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(A). Payment of Wage revision arrears	-		
	(B). Arrears of Pension/Commutation of Pension	-		
	(C). Arrears of Gratuity	-		-
	Subtotal 2 (iii) = [(a)+(b)+(c)]	-	-	-
(iv).	**4/5th of the Contribution to the Pension Fund**	5,025.41	8,576.55	16,908.80
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	-	-	-
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	-	-	-
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	5,025.41	8,576.55	16,908.80
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	8,068.21	8,956.12	11,192.59
(3 a)	**Total**	8,068.21	8,956.12	11,192.59
(4).	Average Expenses of SI. No. 3 = [Y1 + Y2 + Y3] / 3		9,405.64	
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		7.77	
	(ii). Add: Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)		-	
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.		-	
	(iv). Less: Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts.		-	
	(v). Less: Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.		-	
	(vi). Add: Working Capital as per norms prescribed in **clause 2.5.** of the Working Guidelines			
	(a). Inventory		-	
	(b). Sundry Debtors		-	
	(c). Cash		580.38	
	(d). Sum of (a)+(b)+(c)		580.38	
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]		588.15	
(6).	**Return on Capital Employed 16% on SI. No. 5(vii)**		94.10	
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**		9,499.74	
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**		**10,069.73**	

(9).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (8*1.0382)**	**10,454.39**
(10).	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**10,454.39**
(11).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl. No.10 above**	**10,454.39**

(iii). As far as Port is concerned, due to higher Capital Employed and resultant increased ROCE, the Annual Revenue Requirement is much more than the earnings earned for the traffic handled in 2014-15 excluding the PPP traffic.

(iv). (a). It is proposed to utilise the balance in the Escrow Account maintained by the VOCPT and the future accruals in the Escrow Account as deemed fit by the Board of Trustees of the VOCPT as per clause 2.11 of the working guidelines. An amount of ₹56.37 Crores is available in 2013-14, and hence is adjusted against the gross revenue requirement and net revenue requirement of ₹278.40 crores is considered.

(b). Thus, in short, the ARR is arrived after deducting the balance in escrow fund as on 31 March 2014 and after applying relevant escalations for the years 2014-15 and 2015-16.

(v). In respect of CHD, there is no surplus funds available to meet the huge shortfall in Pension and Gratuity Fund with respect to actuarial valuation. As a result, the clause 2.11 of the working guidelines providing for dispensing with Pension Fund Levy will result in heavy financial burden to CHD to meet the heavy shortfall in Pension and Gratuity Fund. There is no Escrow fund available in CHD, utilizing the same to meet the shortfall is not possible in CHD (which is to be self-sufficient as per Memorandum of Settlement dated 27.7.2011). Therefore, the shortfall in actuarial valuation is considered as expenditure in the total expenditure and hence, $1/5^{th}$ of opening shortfall of each year is considered as expenditure to ensure continuous contribution to meet the shortfall. In short $1/5^{th}$ of the opening shortfall is proposed for recovery. The treatment may please be considered by the Authority.

(vi). To meet the estimated ARR of ₹27,840.48 lakhs from port operations and ₹10,454.39 lakhs from CHD the tariff revision proposed by VOCPT is follows:

(a). Uniform hike of 27.70% is proposed by VOCPT in all tariff items for vessel related charges, cargo related charges and miscellaneous charges.

(b). Existing Pension Fund levy of 6.5% is dispensed with.

(c). The port has stated that after dispensing the Pension Fund levy, the net increase is 21.20% only.

(d). As regards CHD, the VOCPT has proposed uniform increase of 51.20% for in all the tariff items.

(e). The existing Pension Fund levy for CHD @ ₹25.10/- tonne is dispensed with.

(f). The port has stated that after dispensing of pension fund levy the net increase in CHD is 2% for cargoes other than coal and salt and 13% for coal at coal jetty.

(vii). (a). As per Clause 2.5 of the Tariff Policy, 2015, the traffic to be considered would be overall traffic estimated exclusive for the port for the year 2014-15. The port has stated that actual traffic handled is 324.14 lakh tonnes for 2014-15. The tonnage relating to PPP operations viz., VII Berth Container

Terminal, VIII Berth Container Terminal and cargo handled by M/s.NLC Tamil Nadu Power Limited (NTPL) and the earnings from Pension Fund Levy and Dredging Levy in respect of the above PPP operators during the year 2014-15 are excluded.

(b). The tariff of ₹38/- per M.T. for Thermal Coal is applied uniformly for all categories of Coal including Steaming (Non-coking) coal to avoid the problems in applying rate for Thermal Coal as it is felt that there was no necessary in differentiating the coal.

(viii). (a). The VOCPT has in Form 3 furnished revenue estimation at the proposed tariff for the actual traffic of 2014-15.

(b). The computation of ARR and revenue estimation attached to the proposal are certified by the practicing Charted Accountant, as required by the Tariff Policy & Working Guidelines.

(ix). The VOCPT has forwarded draft proposed Scale of Rates.

(x). The Performance Standards proposed by VOCPT in Form - 6 are as follows:

Sl. No.	Performance Parameters	Proposed performance standards
(1).	**Cargo Related Services**	
(a)	Average Ship Berth day Output (in tonnes) in respect of Major Cargo groups	
1	Cashew Nuts In Bags	1,125
2	Caustic Soda Lye	3,750
3	Cement	1,500
4	Clinkers	5,250
5	Copper Concentrate	6,750
6	DAP	4,500
7	Diesel Oil	6,000
8	Furnace Oil IOC	7,500
9	Furnace Oil SPIC	2,250
10	Garnet Sand Bulk	6,000
11	General Cargo	1,875
12	Granite Stone	1,500
13	Gypsum In Bulk	9,000
14	Coal at III/IV Berth	9,000
15	Coal at IX Berth	18,000
16	Ilmenite	8,000
17	Iron And Steel Materials	3,600
18	Iron Ore	9,750
19	Lime Stones	7,500
20	Liquid Ammonia	3,750
21	Logs	3,450
22	Lpg	5,000
23	Machinaries	900
24	Maize	3,000
25	MOP	6,750
26	Naptha IOC	7,500
27	Naptha SPIC	3,000
28	Oil Cake/Copra	1,875
29	Palm Oil	3,000
30	Peas (Yellow)	5,250
31	Petroleum Coke	7,500
32	Phosphoric Acid	2,625
33	Rock Phosphate	7,500
34	Salt In Bags	1,875
35	Salt In Bulk	5,250
36	Stone Aggregate	2,400

37	Stone Dust	2,475
38	Stone Rough	3,900
39	Sugar In Bag	1,875
40	Sugar (Raw)	5,250
41	Sulphur	6,000
42	Sulphuric Acid	3,000
43	Coal at NCBI	18,750
44	Coal at Coal Jetty I&II	11,250
45	Urea	4,500
46	Vcm	2,250
47	Wheat	4,875
(b)	Average moves per hour (in TEUs) in respect of Containers	21
(2)	**Vessel Related Services**	
(a)	Average Turnaround Time of Vessels (in days)	3.70
(b)	Average Pre-Berthing Time of Vessels (in days)	1.50
(3)	Any other parameters found relevant by the Port	-

(xi). As far as changes in the conditionalities are concerned, the VOCPT has stated the following regarding modification / insertion / deletion in the proposed SOR:

(a). The existing separate entry for port dues for sailing vessel is proposed to be deleted.

(b). In the definition of pilotage fee, words are added to state that pilotage fee covers maximum of two tugs. Tugs required more than two nos. will be charged separately.

(c). A new Note 4 under schedule 2.4.2 is inserted prescribing the cargo wise output norms and performance standard. The port has proposed penalty and rebate in berth hire charges in respect of Coal vessels handled at Berth No.IX & VOC II & IV and for the remaining cargos except coal handed at Berth No.III & IV and Berth No.IX.

(d). At present no minimum charges for the lower slab GRT is available in respect of shifting charges as in the cases of Pilotage and Berth hire charges. Hence a note is proposed to be incorporated under the schedule of Shifting charges that 25% of the minimum charges of Pilotage schedule for shifting berths in SBW/NBW and 50% of the minimum charges of Pilotage for shifting between SBW to NBW and vice versa. At present the charges is very meager in cases of lower level GRT vessels shifted.

(e). A new note is inserted under berth hire schedule stating that if intimation for cancellation is received in advance before 24 hours of the time of services requested, there will be no penal berth hire charges; otherwise one day's berth hire is proposed to be levied.

(f). The penalty for amendment in berthing schedule is proposed at a flat rate of ₹5,000/- per amendment. The port has stated that the proposed rate is in place of one day berth hire charges leviable for amendment in the berthing schedule.

(g). The port has proposed to discontinue with advalorem wharfage prescribed in the existing SOR for a few items and has proposed wharfage rate on unit basis. ₹150/- per MT is proposed for Machineries and Machinery Parts and for the remaining cargoes, the existing wharfage rate of goods otherwise not specified at ₹42.00 per MT plus proposed increase totaling ₹53.40 per MT. [The SOR proposes ₹53.63 per MT and not ₹53.40 per MT stated by VOCPT].

(h). Pollution cess on dusty cargoes discharged at the rate of ₹5/- per MT is proposed.

4.1. The VOCPT has confirmed that it has hosted draft SOR and proposed Performance Standards in its website as on 06 May 2016 as required by Clause 5.2 of the Tariff Policy, 2015 for comments of the Stakeholders.

4.2. The VOCPT was vide our letter dated 17 May 2015 requested to confirm that it has communicated about the same to all the relevant stakeholder / users and also intimate this Authority when action is completed. The VOCPT has confirmed this vide its letter dated 17 June 2016. The VOCPT has also furnished a copy of Board Resolution passed in the Board Meeting according approval for the proposal.

5.1. It is relevant to state here that in the meantime, Ministry of Shipping (MOS) vide its letter No.8/(15)2015-TAMP dated 11 May 2016 has decided to temporarily keep the earlier direction issued by the MOS vide its letter no.8/(15)2015-TAMP dated 17 September 2015 in abeyance till further orders and restore the policy direction issued by the (then) MSRTH vide its letter no.PR-14019/29/2001-PG dated 1st/3rd January 2005 and 9 March 2005. The MOS has directed this Authority to appropriately prescribe the coastal cargo/ container/ vessel related charges levied at all Major Port Trusts and private operators authorized under Section 42(3) of the Major Port Trusts Act, 1963 immediately.

5.2. In view of the above direction issued by the MOS, this Authority passed an Order No.TAMP/4/2004-Genl dated 19 May 2016 keeping the Order No.TAMP/4/2004-Genl. dated 5 October 2015 passed by this Authority based on the direction issued by the MOS vide its letter no.8(15)2015-TAMP dated 17 September 2015 temporarily in abeyance till further orders from the MOS. Consequently, the Order no.TAMP/4/2004-Genl. dated 7 January 2005 and the amendment to the said Order dated 15 March 2005 based on the policy direction issued by the (then) MSRTH dated 1 January 2005 are restored as directed by the MOS.

5.3. The above direction from the MOS would have impact on the coastal vessel rates proposed by the VOCPT. Therefore, the VOCPT was requested vide our letter dated 20 June 2016 to review its proposal dated 7 May 2016 for general revision of its Scale of Rates based on the Order No.TAMP/4/2004-Genl. dated 19 May 2016 passed by this Authority and file a revised proposal. The VOCPT vide its email dated 2 July 2016 has revised draft SOR duly taking into consideration the amendment to coastal concession policy notified by this Authority vide Order No.TAMP/4/2004-Genl. dated 19 May 2016. The VOCPT has, however, retained the indexed ceiling ARR at ₹27,840.48 lakhs and the revenue estimates in Form-3 at ₹27,840.87 as estimated in its original proposal dated 7 May 2016.

5.4. The VOCPT vide its e-mail dated 2 July 2016 has forwarded its email to all Stakeholders/ users wherein it is stated that in pursuance of the Order of this Authority dated 19 May 2016, the draft Scale of Rates has been modified suitably proposing fixed rates for coastal vessels as per the practice prevailing prior to 1 November 2015 and the modified SOR is hosted on its website on 28 June 2016.

6. A copy each of comments received from the concerned users / user organisations on the subject proposal were forwarded to VOCPT as feedback information. The VOCPT vide its letter dated 15 June 2016 has furnished its reply.

7.1. The VOCPT has, subsequently, vide its letter No.FIN-OFFCT-SOR-REVIS-VI-15/D1450 dated 13 June 2016 proposed to handle automobiles through RoRo vessels & PCTC (Pure car & Truck carrier) considering the tariff available in Cochin Port at per unit basis. The tariff proposed by VOCPT is as follows:

(i). The wharfage rate of ₹500/- for handling car below 1600 CC and ₹1000/- for handling car above 1600 CC is proposed.

(ii). For vehicle with laden containers with trailer, the tariff is proposed to be collected at composite rate covering both vehicle and container separately collecting the rate of container as per prevailing Scale of Rates.

7.2. The port has confirmed that the wharfage rate newly proposed for automobiles and containers loaded in tractor handling through RoRo vessel is also incorporated in the modified proposed SOR hosted on its website. The port has requested all stakeholders / users to view the amendments made in the draft proposed SOR.

8. Based on the preliminary scrutiny of the proposal, it was observed that there are certain information gaps / deficiency in the proposal of VOCPT. The VOCPT was, therefore, vide our letter dated 13 July 2016 requested to furnish requisite information/ revised working/ proposal by 20 July 2016. The VOCPT has subsequent to the joint hearing furnished additional information/ clarification vide its letter dated 9 August 2016 which is brought out in subsequent paragraph.

9.1. A joint hearing in this case was held on 11 July 2016 at the VOCPT premises. The VOCPT made a brief presentation of its proposal. At the joint hearing, the VOCPT and the concerned users/ user organizations have made their submissions.

9.2. As agreed at the joint hearing, the VOCPT was requested vide our letter dated 19 July 2016 with subsequent reminder dated 25 July 2016 to take action on the following points:

(i). Furnish reply to the clarifications/ information sought by us vide our letter dated 13 July 2016.

(ii). Furnish comments on the written submissions made by DCW Limited and Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO).

(iii). The TANGEDCO has sought clarification from the port whether, Pollution cess will apply to coal handled at coal jetty I and II. The VOCPT has clarified that it will not apply. However, if coal jetty I and II create pollution, port wants to apply the proposed levy to these two coal jetties. In this backdrop, as agreed at the joint hearing, the port was to propose suitable modification in the conditionality in the proposed SOR.

(iv). At the joint hearing, the VOCPT has stated that some fine tuning is required in the proposed productivity norms. The VOCPT was to furnish fine-tuned productivity norms and send the productivity norms as desired by the port by 18 July 2016 and also update it on its web site and intimate the users/ user associations.

(v). At the joint hearing, the VOCPT has stated that a few expenses captured under the head Management and General Administration Overheads (MGAO) are relevant for all the activities of the port. As desired by the port, VOCPT was allowed to relook at the MGAO excluded in the estimate of ARR and respond by 18 July 2016.

10.1. With reference to the first point of action decided at the joint hearing, the VOCPT vide its letter dated 9 August 2016 has furnished its response to the additional information / clarification sought vide our letter dated 13 July 2016. A summary of the additional information / clarification sought by us and reply furnished by the port are tabulated below:

Sl. No.	**Information/ clarifications sought by us**	**Reply furnished by VOCPT**
1.	**General**	
(i).	Administrative Report for the year 2014-15 to be furnished as the Audited Annual Accounts for 2014-15 do not contain the traffic figures.	As required, a copy of Administration Report for the year 2014-15 along with commodity wise statement for the year 2014-15 is furnished since the Administration Report does not have detailed break up of cargo handled.
(ii).	The VOCPT vide its email dated 02 July 2016 has intimated about hosting of revised proposed Scale of Rates (SOR) on its website on 28 June 2016 and intimating the position to the stakeholders about the same.	The revised draft SoR which has been uploaded in the Port website on 28.6.2016 incorporating the required modification with respect to the clarifications raised by the Authority is furnished.

<table>
<tr><td></td><td>The port has, however, not furnished the revised proposed SOR. The port to furnish the same.</td><td></td></tr>
<tr><td>2.</td><td>Annual Revenue Requirement (ARR) (FORM NO.1) (Port)</td><td></td></tr>
<tr><td>(i).</td><td><u>Estate Related Expenses (Sl.No.2(i)(b) & (c)</u>:
The VOCPT has excluded ₹647.64 lakhs, ₹619.98 lakhs & ₹899.99 lakhs in the years 2011-12, 2012-13 & 2013-14 respectively towards allocated Management & administrative overheads for estate related activity and ₹334.39 lakhs, ₹384.23 lakhs and ₹428.09 lakhs are excluded towards allocated FME for estate activity. Note 2 and 3 under Form-1 require the port to furnish a working reconciling the amount reported in the Audited Annual Accounts and the figures considered in the cost statement. The VOCPT has not furnished requisite reconciliation working. VOCPT to provide the same.</td><td>Since the allocated Management and General Overheads and Finance & Miscellaneous Expenditure relating to Estate Activity is not available in the Audited Annual Accounts, the figures are derived from the Cost Statement of the relevant year and hence the figures of Operating Expenditure including depreciation relating to Estate Activity has been derived from Schedule-13 to Revenue Account of respective Audited Annual Accounts.</td></tr>
<tr><td>(ii).</td><td><u>$4/5^{th}$ of one time expenses, if any like arrears of wages, arrears of pension/ gratuity, arrears of ex-gratia payment, etc.(Sl.No. 2 (iii) of Form-I):</u>

The port has shown nil figures towards the above items. The port to confirm there is no one time expenses like arrears of wages, arrears of pension/ gratuity, arrears of ex-gratia payment reported in the Annual Accounts for the years 2011-12 to 2013-14.</td><td>There was wage revision due in 2012-13 and 2013-14. Hence, liability towards the same was created and included in the Salaries & Wages portion of the respective year. Hence, no one time payment was made at the time of settlement of WRC in 2013-14 and hence the Port has not shown any figures towards $4/5^{th}$ of one time expenses, if any like arrears of wages, arrears of pension/ gratuity, arrears of ex-gratia payment, etc. (Sl.No. 2 (iii) of Form-I) of the Proposal submitted to TAMP.</td></tr>
<tr><td>(iii).</td><td><u>$4/5^{th}$ of the One time Contribution to the Pension Fund (Sl.No. 2 (iv) of Form-I):</u>

As per clause 2.2 (iii) of Working Guidelines,2015, the port has excluded ₹1300.97 Lakhs, ₹640 Lakhs & ₹1720 Lakhs in the years 2011-12, 2012-13 & 2013-14 respectively as $4/5^{th}$ of contribution to the pension fund. These figures could not be correlated with the figures reported in the Annual Accounts as the Annual Accounts report contribution to pension fund and gratuity fund together. Note 2 and 3 under Form-3 require the port to furnish a working reconciling the amount reported in the Audited Annual Accounts and the figures considered in the cost statement. The VOCPT to furnish the same.</td><td>The statement of reconciliation is furnished below:-
(₹ In Lakhs)
<table>
<tr><th>S.No.</th><th>Description</th><th>2011-12</th><th>2012-13</th><th>2013-14</th></tr>
<tr><td>1</td><td>Contribution to Pension Fund & Gratuity Fund as per Annual Accounts</td><td>2000.00</td><td>2000.00</td><td>2500.00</td></tr>
<tr><td>2</td><td>Less: Gratuity Fund</td><td>374.00</td><td>1200.00</td><td>350.00</td></tr>
<tr><td>3</td><td>Balance</td><td>1626.00</td><td>800.00</td><td>2150.00</td></tr>
<tr><td>4</td><td>$4/5^{th}$ considered on Sl.No.3</td><td>1300.97</td><td>640.00</td><td>1720.00</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td><u>Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10 of the Tariff Policy, 2015(Sl.No. 2 (vi) of Form-I):</u>

The VOCPT has excluded depreciation of ₹58.54 lakhs, ₹58.83 lakhs and ₹76.05 lakhs in the years 2011-12, 2012-13 and 2013-14</td><td>Since the Port does not incur any direct Operating Expenditure and Finance & Miscellaneous expenditure items relating to</td></tr>
</table>

	respectively towards captive berth. However, the port has not shown any exclusion of operating expenses, allocated Management & Administrative Overhead (MAO) and allocated Finance & Management Expenses (FME) towards captive berth. The reasons therefor, may be explained. The port may also indicate the captive berth for which this exclusion is done by the VOCPT.	captive berths operated by BOT Operators except depreciation relating to respective berths, the port has not shown any exclusion of operating expenses, allocated Management & Administrative Overhead (MAO) and allocated Finance & Management Expenses (FME) towards captive berths. The captive berths considered are VII Berth Container Terminal operated by M/s. PSA SICAL, VIII Berth Container Terminal operated by M/s. DBGT and North Cargo Berth-I by M/s. NTPL.
(v).	<u>Capital Employed (Sl.No. 5 (iii) & (iv) of Form-I):</u>	
	(a). As per Clause 2.4 of Working Guidelines 2015 for computation of capital employed, the port has to exclude net value of fixed asset related to estate activity and net fixed assets transferred to BOT operators as on 31 March 2014 as per Audited Annual Accounts. The VOCPT has excluded ₹650.69 lakhs towards net value of fixed asset related to estate activity and ₹6744.79 lakhs (i.e. VII berth ₹2637.70 lakhs + VIII berth ₹2375.04 lakhs + NCB-1 1732.05) towards net value of fixed asset transferred to BOT operators as on 31 March 2014 as per Audited Annual Accounts. As regards ₹1732.05 lakhs excluded by VOCPT towards NCB-1, it is relevant to state that during the fixation of upfront tariff for this berth, it was made to understand by the port that the NCB-1 was constructed by the VOCPT on deposit terms as per the sanction of the MOS vide letter no PD-11015/5/2006-TPT dated 22 October 2009. Further, the capital cost considered for tariff fixation for the project was based on the actual capex incurred by NLC Tamil Nadu Power Ltd (NTPL). In view of the above position, please review exclusion of ₹1732.05 lakhs towards NCB-1.	The exclusion of ₹1,732.05 lakhs towards the net value of fixed assets relating to NCB-I pertains to expenditure for common usage regarding road and electricity around the berth area developed by the Port for the operation of NCB-I and not relating to Berth. Hence the exclusion of the same is in order and eligible to be considered for Annual Revenue Requirement.
	(b). The port has excluded depreciation related to captive berths from the total operating expenses. However, the VOCPT has not shown any deduction towards corresponding net fixed assets related to captive berth at Sl.No.5 (v). The VOCPT to examine and make suitable correction in Form-1.	Depreciation excluded in S.No.2(vi)(b) is towards BOT berths, since no separate row was available for the same stated under captive. In Net Block separate row under Sl.No.5(iv) was available so deduction is shown against the same. Hence correction in Form-1 not required.
(vi).	(a). It is seen that from the ceiling indexed Annual Revenue Requirement (ARR) estimated at ₹33,477.51 lakhs, the VOCPT has shown adjustment (reduction) of ₹5,637.03 lakhs being the Escrow Account balance as on 31.3.2014 and has arrived at the adjusted ceiling ARR of ₹27,840.48 lakhs which matches with the revenue estimated at the draft proposed SOR.	Since a provision is in Clause 2.11 of Working Guidelines that the balance in the Escrow accounts maintained by the Major Port Trust can be utilized for the purpose as decided by the Board of Trustees of the concerned Major port trusts, the Port shown deduction of ₹56.38 crores from the indexed ARR as provided in the Tariff Regulations, 2015.

	Clause 4.2 of the Tariff Policy, 2015 and Clause 2.11 of Working Guidelines state that balance in the Escrow accounts maintained by the Major Port Trust can be utilized for the purpose as decided by the Board of Trustees of the concerned Major port trusts. Thus, the Tariff Policy, 2015 and Working Guidelines do not require the Major Port Trusts to adjust the Escrow Accounts balance against the ARR. The ARR is the ceiling level and ports have the flexibility to draw the proposed SOR within the ceiling indexed ARR. The VOCPT to explain the reason for adjustment of Escrow Account balance from the ARR. It may be relevant to state here that none of the other Major Port Trusts who have filed the proposal under Tariff Policy, 2015 have done such an adjustment.	
	(b). The nature and purpose for which the Escrow Account is maintained to be explained.	The Escrow Fund is maintained to meet the expenditure for the development of Port infrastructure and established and maintained as Part of Tariff Guidelines, 2005.
3.	**Working relating Management & General Overheads (FORM-2)** :	
	The operating expenditure (including depreciation but excluding operating expenditure related to estate) arrived by the port at Sl.No.2 does not exclude the allocated Management and General Overheads of Estate Activity as reflected in Sl.No.2(i) (b) of Form-1. The VOCPT to examine and make necessary correction in Form -2 and submit revised Form-2.	Since as per the Form-2, Operating Expenditure (including depreciation but excluding operating expenditure relating to Estate) (As per Audited Annual Accounts) has to be arrived vide Sl.No.2, only the operating expenditure as per audited annual accounts has been deducted and allocated Management & General Overheads has not been excluded, since it was not stated to exclude.
4.	**Computation of Working Capital as per norms (FORM -4):** There is an addition of ₹2963.24 lakhs in excel working considered by the VOCPT for estimating cash expenses at one month. The port to furnish detailed working of cash expenses considered by it.	The amount of ₹2,963.24 lakhs consist of Pension Payments for 2013-14. As the same is an outflow, proportionate Pension payments p.m. is included in working capital under general revenue.
5.	**Revenue estimation (Form -3):**	
(i).	It is seen that the port, while estimating revenue at proposed SOR, has considered the revenue earned during the year 2014-15 and increased it by the proposed tariff hike of 27.7% to arrive at estimated revenue at the proposed Scale of Rates. As per the format prescribed for estimating the revenue, the VOCPT is required to estimate revenue for each tariff items viz. cargo, vessels and miscellaneous services at the proposed rate for the actual traffic handled by the port in the year 2014-15.	To obtain the Annual Revenue Requirement of the Port as per Form-1, the traffic throughput of 210.68 lakh tonnes is the tonnage handled net of tonnage from PPP Operations. The relating cargo handling, port Dock related services and miscellaneous services are distinctively worked out and furnished in Form III submission to the authority. Actual earnings of 2014-15 is used as a base and proposed rate of increase on the existing SoR is computed.
(ii).	Further, the revenue of 2014-15 considered by VOCPT in Form 3 do not match with the revenue reported in the Audited Annual Accounts. e.g. For port dues, earning	The dredging levy component of ₹281.94 lakhs is included in the revenue of Port Dues for the year 2014-15, as shown in Annual Accounts 2014-15 (Scheduled 7).

	considered by VOCPT for the year 2014-15 is ₹2,553.95 lakhs which do not match with port dues of ₹2835.88 lakhs reported in the Audited Annual Accounts for the year 2014-15.	The same is not relevant now since dispensed with from 1.10.2014. Hence in the current proposal, the said amount was excluded in the earnings and balance figure ₹2,553.95 lakhs is considered.
(iii).	The VOCPT, therefore, to furnish modified revenue estimate (Form- 3), as brought out in (a) above with detailed working in support of the revenue estimates. While estimating the revenue at the proposed tariff for the actual traffic of 2014-15, VOCPT is also requested to furnish the following:	Please refer the reply to point (ii) above. Considering the submissions, the Port's computation may be considered.
	(a). Confirm that the total GRT vessel considered in the revenue estimates for vessel related charges matches with the actual total GRT of the vessel handled by the port for the year 2014-15. In case of mismatch, if any, the VOCPT to reconcile the difference. (b). Confirm that volume of cargo considered in the revenue estimates matches with the actual cargo handled and reported in the Administrative Report. In case of variation, the difference is to be reconciled. (c). The exchange rate considered for revenue estimates may please be indicated. (d). While estimating revenue from coastal vessel, the VOCPT to ensure that it is in line with recent Order No. TAMP/4/2004-Genl. of the Authority dated 19 May 2016 passed by the Authority.	It is confirmed that the total GRT vessel considered in the revenue estimates for vessel related charges matches with the actual total GRT of the vessel handled by the port for the year 2014-15 since the actual earnings of the 2014-15 excluding the dredging levy and pension fund levy is considered as a base to arrive at the rate of increase to compute the ARR. It is confirmed that volume of cargo considered in the revenue estimates matches with the actual cargo handled and reported in the Administrative Report as the tonnage considered in Form-3 is net of tonnage handled through PPP Operator viz., VII Berth and VIII Berth Container Terminal and NTPL operations at NCB I. The actual earnings made in 2014-15 is considered in the figures. Yes. The revenue for coastal vessel is estimated in line with recent Order No. TAMP/4/2004-Genl. of the Authority dated 19 May 2016 passed by this Authority. As income is based on actual for the year 2014-15, the coastal earnings are captured with respect to TAMP order No 4/2004-General dated 19.5.2016.
6.	**<u>Scale of Rates:</u>**	
(i).	Clause 2.12. of the revised Working Guidelines stipulates that if a new condition is introduced or if existing condition is modified due to operational contingency, the port may prescribe such modification with reasons thereof and capture the financial / revenue impact in the ARR. The basis adopted for the tariff proposed for new items is to be furnished and its financial effect to be captured in the revenue estimations in Form - 3. The VOCPT has proposed the following new tariff items / conditions and deletion of the following tariff items / conditionalities from the existing SOR in the proposed SOR:	Factual
	(a). <u>Chapter –II , Schedule 2.1 Port Dues</u>:	

	The VOCPT has proposed deletion of existing port dues separately prescribed for Sailing Vessels at Sl. No.2. In this regards, following may be furnished: (i). Furnish the reason for deletion of separate port dues in respect of Sailing Vessels. It is seen that in other schedules, the separate tariff for sailing vessel is proposed to be continued by the port. (ii). The basis for levy of port dues for this category of vessels may be explained and the percentage increase from the existing tariff also to be indicated. Please confirm the increase for this category of vessel will be 27.70% as per the proposal of the port for other items. (iii). Please show that the impact of the proposed modification has been considered by the port in the revenue estimation.	The deletion of existing port dues separately prescribed for Sailing Vessels at Sl. No.2 of Chapter –II, Schedule 2.1 Port Dues is due to typographical error. The proposed tariff for the same is to be retained and the same is included in the revised draft SoR furnished. The Authority may consider the increase for this category of vessel by 27.70% as per the proposal of the port for other items. The revenue estimation already submitted by the Port includes the impact also in Form-3 vide Sl.No.1 Port Dues and only it was left out in draft Scale of Rates.
	(b). <u>Schedule 2.2.1 – Schedule of Pilotage Fees Note (1).</u> In the existing note (1) defining pilotage fee the words, “subject to a maximum of Two tugs” is added and a sentence is added to state that Tugs required more than the prescribed maximum number of two shall be levied at the rates prescribed at sl.no.1 of Schedule 2.3(Tug Hire Fees). Clause 10.4 of the Working Guidelines, 2015 defines pilotage as Pilotage-cum-towage fee to be composite rate and shall include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for ‘Port convenience.’ The VOCPT to clarify as to how the modified definition proposed by the VOCPT fits in line with the definition prescribed in the Working Guidelines which is uniformly prescribed in the SOR of all Major Port Trusts.	The proposed levy of additional Tug over and above Two Tugs is deleted.
	(c). <u>Schedule 2.2.3 – Shifting Charges, Clause (I) & (II)</u> The port has proposed a new note under schedule 2.2.3 stating that the shifting fee prescribed in schedule 2.2.3 (I) is subject to a minimum charge of ₹4385.54 per ship in case of coastal vessel and US$ 168.18 for foreign going vessel. Likewise, the port has proposed minimum shifting charges under schedule 2.2.3 (II). The basis of prescription of the minimum charges may be explained.	The minimum charges prescribed for specified slabs in scheduled 2.2.1. 25% or 50% of pilotage fees minimum charges at 25%/50% of pilotage fees is adopted proportionately as minimum charges is proposed in scheduled 2.2.3.(I) and (II).

	(d). <u>General Notes relating to Schedule 2.2.1, 2.2.2 and 2.2.3.</u> Under General Notes relating to Schedule 2.2.1, 2.2.2 and 2.2.3. under Clause 9 (b) (ii), the port has added the berth no. VII, VIII, north-cargo berth No. I & II. The reasons for addition of the berth no. VII, VIII, north-cargo berth No. I & II in the existing clause may be explained. Confirm that revenue impact of the proposed modification, if any, which may generate additional revenue to the port is captured in the revenue estimates.	As the possibility of shifting of vessels to outer anchorage/any other berth is there on account of its non performance provision is made in respect of vessels berthed / to be berthed at from other berths VII, VIII and NCB-I & NCB-II this clause is modified accordingly. The instances are very rare and is negligible in financial terms.
	(e). <u>Schedule 2.3 – Tug Hire Fees, Sl. No.1</u> The addition of words "and also hire of each additional tug over and above the maximum of two tugs for pilotage operation" specified in Note 1 under schedule 2.3 to be re-examined in the light of our query at 6 (ii) (b) above. Similarly, the modification proposed in Note 1 under schedule 2.3 may also be relooked and modified in the light of our query at 6 (ii) (b) above.	The addition of words "and also hire of each additional tug over and above the maximum of two tugs for pilotage operation" may be deleted with respect to reply vide sl.no.6 (b).
	(f). <u>Schedule No. 2.4.2 Berth Hire Charges for other Vessels –</u> The Rupee denomination indicated in Schedule 2.4.2 under foreign going vessels at Sl.No.1 to 3 appears to be typographical error. This may be corrected. Further, the coastal tariff for other crafts applying proposed increase of 27.7% comes to ₹2.12 per GRT/hour instead of proposed rate of ₹2.18 /GRT/hour. The port to relook at the proposed tariff rates for all items to ensure there is no typographical error.	The typographical error is corrected indicating the tariff of Sl.No.1 to 3 in Rupee Denomination in the draft SoR enclosed vide Sl.No.1. The typographical error in other areas are verified and corrections incorporated.
	(g). <u>Notes under Schedule No.2.4.2 Berth Hire Charges for other Vessels:</u> (i). The port has proposed a note after note 4 stating that port reserve the right to revise the norms as per the field condition and that decision of Traffic Manager in this regard shall be final and binding. Since the performance standards (to be) notified by the Authority will have linkage to indexation in tariff, the proposed note to revise the norms during the currency of the tariff cycle may run in conflict with indexation of tariff which has linkage to pre-determined performance standards. Therefore, the proposed note to be reviewed. (ii). The port has also proposed notes relating to penalty for non achievement of	As per the New Berthing Policy for Dry Bulk for Major Ports issued by the Ministry of Shipping vide Clause 7.2. Performance norms in a phased manner to reach the target levels achievable for each commodity given infrastructure available at berths. To this end, performance norms for different commodities alongwith anchorage charges will have to be computed every quarter by all Ports. Further, Point No. 8 of Berthing Policy for dry bulk cargo for Major Ports is furnished. The words "decision of the Traffic Manager --- final and binding is deleted". The 3 x and 5 x times penalty on berth hire for every extra hour during the stay at berth

	the prescribed output norms and rebate in berth hire charges for achieving higher than the norms prescribed in respect of Coal vessels handled at Berth No. IX & VOC II & IV and for remaining cargos except coal handed at Berth No. III & IV and Berth No. IX. In this regard the following points may be clarified: (a). The note (A) prescribing that till the commencement of mechanised handling through conveyor for evacuation of coal at berth No. IX and deployment of 2 HMCs at Berth nos. III and IV is incomplete. A complete note with the reasons for the proposed note may be furnished.	is calculated based on the recommendations of M/s BCG in their report dated 04.11.2015 (non-negotiable as instructed by Ministry of Shipping). The recommendations of the consultant is furnished. However, the extent of penalty remains at 3 times on the extra berth hours as per the new Berthing Policy, 2016 which will remain in force until modified.
	(b). Also, explain the reasons and basis for proposing the benchmark productivity of 24000 MT / day and 21000 MT/day for coal handling at Berth No. IV, 12000 MT/day /10,500 MT/day for coal handling at berth No. III and IV for proposing penalty for the above level of productivity as they do not match with the cargo output norms proposed by VOCPT.	The benchmark productivity on Coal handling at berth No.IX and berth III & IV is prepared based on the recommendations of M/s.BCG in their report dated 04.11.2015 (non-negotiable as instructed by Ministry of Shipping). The recommendations of the consultant are enclosed for reference. But at present, the new productivity norms proposed by the port as per the recommendations of Ministry of Shipping on revised productivity norms for Dry bulk cargoes in the Berthing Policy, 2016 supersedes the productivity norms proposed by M/s BCG. The recommendations of the consultant are enclosed is furnished.
	(c). Likewise, the reasons and basis for proposing productivity level of 25,500 T/day 27000 T/day for coal at Berth No. IX and productivity level of 13,500 T/day / 15,000 T/day for coal handled at berth No. III/IV for proposing rebate if productivity above the prescribed level is achieved may be explained as they do not match with cargo output norms proposed by VOCPT.	The benchmark productivity on Coal handling at berth No.IX and berth III & IV is prepared based on the recommendations of M/s.BCG in their report dated 04.11.2015 (non-negotiable as instructed by Ministry of Shipping). The recommendations of the consultant are enclosed for reference. But at present, the new productivity norms proposed by the port as per the recommendations of Ministry of Shipping on revised productivity norms for Dry bulk cargoes in the Berthing Policy, 2016 supersedes the productivity norms proposed by M/s BCG. The recommendations of the consultant are enclosed for reference.
	(d). Also, explain the reasons and basis for proposing penalty at 3 times and 5 times, the berth hire (excluding wharf crane element) and rebate of 10% / 20% in berth hire charges.	The penalty and rebate scheme was formulated and recommended by M/s. BCG in their report dated 04.11.2015 (non-negotiable as instructed by Ministry of Shipping). The recommendations of the consultant are enclosed for reference.

	(e). The reasons, basis and logic of proposing Future Output in the notes may also be explained. (f). The port has proposed separate conditions for levy of penalty / rebate after commencement of mechanised operations of coal handling. (i). The basis of each of the parameters considered in the proposed note may be explained in detail. (ii). The proposed conditions governing levy of penalty and grant of rebate have not been prescribed in the reference tariff approved for the berth no.(IX) and VOC III & IV. Therefore, the VOCPT may carefully examine whether prescription of the proposed conditions would give rise to disputes with the successful bidders of berth no.(IX) and VOC III & IV. (g). The port to furnish the working of additional income likely to accrue in view of the each of the proposed conditions and also show where it is captured in the revenue estimates.	The future output denotes that after implementation of mechanization proposed at IX Berth the benchmark output enhanced from 24,000 M.T to 28,000 M.T. and so on. This basis stands withdrawn now based on the Berthing Policy, 2016. The penalties and incentive are based on the Penalty and incentive given in the Berthing Policy by the Ministry. There are no PPP operations in Berth No. IX, VOC III & IV, as theses berths are operated by VOC Port. Only in IX berth on license basis HMC is deployed at present. The penalty and grant of rebate are to be on vessel operators. As clause relates to penalty for lesser productivity and incentive for higher productivity the financial implication is beyond estimation and the same will be negligible considering Government norms to improve productivity.
	(h). <u>Schedule No. 2.4.2 – Note Sl. No. 11</u> (i). The port has proposed two new notes under schedule 2.4.2 at Sl. No. 11 (i) & (ii). The reasons for insertion of proposed notes may be explained. (ii). The basis for proposing ₹5,000/- per amendment may also be explained. (iii). The existing note (9) as well as proposed note no.(11) proposes one day berth hire charges for cancellation of services including amendment to berthing schedule. The proposal of port states that ₹5000 per amendment is proposed as a flat rate instead of existing provisions. However, by retaining the existing note (9) and proposing new note 11(ii), there will be duplication in levy for the same service. The port to examine and propose necessary modification. Confirm the revenue impact of the same is considered in the revenue estimates in Form 3.	The Users requested to withdraw one day penal berth hire charges levied for cancellation of vessel booking after numbering of vessels and amendment request in the berthing programme considering that the same is exorbitant. Hence, to consider the request and also for amendment of berthing programme, it is proposed to relax the conditionality incorporating the two new Notes. The revenue impact on this issue could not be predicted as it is not a recurring one.
	(i). <u>Chapter 3, Schedule 3.1, Sl. No. 3(b), (c)</u>:	At present there is no clarity in the classifications of coal as to which are meant for power plants and which are meant for other than power plants, as Customs

<table>
<tr><td></td><td>(i). The port has inserted two items under schedule 3.1 at Sl. No. viz. 3(b) Coal by whatever name described in Customs documents and used for thermal power plants and 3 (c) Coal by whatever name described in Customs Document other than sl.no.3 (b). The VOCPT to elaborately explain the reasons and basis for inclusion of the each of the above new tariff items / in the proposed SOR. Also, confirm whether the impact of each of the above tariff items is captured in revenue estimates in Form – 3.

(ii). The existing SOR prescribes separate wharfage rate for steaming (non-cooking coal) under Chapter-II, Schedule 3.1. at Sl. No. 3(b). The reason for deletion of this item may be explained. The wharfage rate leviable as per the modified SOR for this cargo may also be clarified.</td><td>document classify as Steaming (non-coking) coal only.

There is no separate description in the Customs documentation as Thermal coal/other coal. Hence the issue of short collection has been observed by Vigilance and Resident Audit observation, due to difference in interpretation. Considering the above, the Coal is brought under single classification. The impact of revenue increase due to the above is suitably captured in the revenue estimates in Form-3.

Please refer the reply to point No.(i) above.</td></tr>
<tr><td></td><td>(j). <u>Chapter 3, Schedule 3.1, Sl. No. 23</u>:

The existing SOR prescribes separate wharfage rate for “Goods not otherwise specified” in Schedule 3.1. at Sl. No. 23.The port has proposed deletion of this tariff item. The reason for deletion of this item may be explained. The port may also clarify what will be the wharfage rate for residual cargo category, if a particular cargo does not fit in the cargo items prescribed in the Schedule.</td><td>

The rate for “Goods not otherwise specified” in Schedule 3.1.has not been deleted. The tariff is available under Sl.No.16 of Chapter 3, Schedule 3.1</td></tr>
<tr><td></td><td>(k) <u>Chapter 3, Schedule 3.1, Wharfage Charges Sl. No. 24 to 25:</u>

Automobiles through RORO vessels (Roll on Roll off) PCTC (Pure car & Truck Carrier)

The port has proposed new wharfage items vide its letter no. FIN-OFFCT-SOR-REVIS-VI-15/D1450 dated 13 June 2016 in respect of handling of automobile through RORO vessels at ₹500/- for handling car below 1600 CC and ₹1000/- for handling car above 1600 CC. The VOCPT has stated that it is based on the tariff available for the same facility in Cochin Port (COPT). In this context it is to state that rate approved for COPT recently for RORO is as follows:
<table>
<tr><td>Motor Vehicles except Motorcycles</td><td>Coastal</td><td>Foreign</td></tr>
<tr><td>By RO-RO System</td><td>1080.00</td><td>1800.00</td></tr>
<tr><td>Other than by RO-RO System</td><td>2160.00</td><td>3600.00</td></tr>
</table>

The rates proposed by the VOCPT do not match with the rates prescribed in the SOR of COPT. The VOCPT may, therefore, indicate the correct position of whose rate the port has adopted. The port may in this</td><td>The tariff is proposed based on the Chennai Port Trust’s proposal to fix the rate for handling automobile through RO RO vessels at ₹500/- for handling car below 1600 CC and ₹1000/- for handling car above 1600 CC. It is in advertantly mentioned that the rate proposed is based on the rate available in Cochin Port Trusts. The Authority is requested to consider for the approval of the rate proposed.</td></tr>
</table>

	context refer clause 5.7.1 of the Working Guidelines which deals with tariff fixation for new cargo / service / facility and propose tariff in compliance with the said clause.	
	(m). <u>Chapter 5, Schedule 5.03 Sl. No. 1 to 4</u> The existing SOR prescribes separate charges for hire of Mobile Cranes / Fork Lift Truck /Marshall Demag Crane at Sl. No. 1 to 4. The port has proposed deletion of these tariff items. The reason for deletion of these items may be explained.	As the said Mobile Cranes / Fork Lift Truck /Marshall Demag Crane at Sl. No. 1 to 4 are already survey reported a long back and not available with the Port the tariff for the said items are to be deleted.
	(n) <u>Chapter 5, Schedule 5.03 Note:</u> The existing SOR prescribes a note stating that the rate 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 .The port has proposed deletion of this note. The reason for deletion of this note may be explained. This note may be continued as it flows from coastal concession policy of the Ministry of Shipping.	The Note has not been included inadvertently in the proposed draft SoR submitted to the Authority. The same has been incorporated in the draft SoR enclosed vide Sl.No.1.
(ii).	It is seen from the Form 3 furnished by the port that the VOCPT has not estimated revenue at the proposed Scale of Rates for the following few items: (a). Schedule 2.2.2 - Miscellaneous Pilotage Fee (b). Schedule 2.3 – Tug Hire Fees (c). Schedule 4.1, 4.2 &4.3 – Container related Charges (d). Schedule 5.01 – Weightment Charges for Zone A & B (e). Schedule 5.5 – Charges for use of Ports Pipeline to Transport Ship Stores / Bunker Oil to Ship. (f). Schedule 5.6 – Charges for use in connection with Shipping Operation. (g). Schedule 5.9 – Charges for higher of Dry Dock to owners of sailing vessel and to other Govt. Department for Dry Docking their Vessel. (h). Schedule 5.10 – Hire charges for hire of tools and plants to Govt. Dept. (i). Schedule 5.11 – Cooper License Fee (j). Schedule 5.12 – Charges for issue of photo permits (k) Schedule 5.13 – Charges for issue of temporary passes. (l). Schedule 5.14 – Charges for taking photographs / shooting films (m). Schedule 5.15.1 & 5.15.2 – Fees for salvage of goods / services of driver. (n). Schedule 5.17 – Passenger Toll (o). Schedule 5.18 – Issue of Duplicate Bill Copy etc.	As the earnings from Sl.No.(a) to (q) in the query raised is meager amount and hence the same is clubbed under basic vessel related income and the revenue estimation has been calculated . Hence, the Authority is requested to consider the same for admission.

	(p). Schedule 5.19 – Charges for wooden logs to sailing vessels. (q). Schedule 6.1(4) – CHD – for Container Stuffing / De-stuffing Operation. (r). Wharfage of ₹500 for handling below 1600 cc and ₹1000 for handling car above 1600cc. (s). For vehicle with laden containers with trailers the tariff will be collected at composite rate covering both vehicle and container separately collecting the rate of container as per prevailing SOR. The VOCPT is requested to estimate the revenue at proposed rates for the above items also. Alternatively, the VOCPT may leave reasonable amount of ARR uncovered to take care of tariff of the above of few items for which revenue is not estimated.	Since this is new cargo item expected in future the impact of financial implication could not be quantified.
(iii).	<u>Schedule 5.20 Charges for use of Harbour Mobile Cranes (HMC) installed by the private operator.</u> The VOCPT has proposed 27.7% increase in the proposed schedule. In this context it is relevant to state that the existing tariff for HMC approved by the Authority is as per Order No.TAMP/22/2007-TPT dated 30 December 2009 on normative basis which was continued to be prescribed in the last general revision of SOR. In the Tariff Policy 2015, clause 9.1. to 9.3. prescribes the provision for tariff regulation of charges levied by service provider authorized by the port. The proposal filed by the VOCPT applying 27.7% tariff revision for general SOR to HMC operated by authorized service provider is not found to be in line with the said guidelines provision. That being so, VOCPT may file a separate proposal for revision in the rate for HMC provided by the authorized service provider on normative basis.	Agreed to. Based on review and if required proposal will be dealt in separately.
(iv).	<u>Pollution cess on Dusty Cargoes discharged at the rate of ₹5/- per MT.</u> The VOCPT has proposed a new tariff for pollution cess on Dusty Cargoes. The VOCPT has not furnished any basis for the tariff items proposed pollution cess. As per clause 5.7.1 of the Working Guidelines, 2015, whenever a specific tariff for a service/ cargo is not available in the SOR, of that particular port, the concerned Major Port Trust can propose rate for new cargo/ equipment/ service adopting the tariff and performance standards, if any, fixed for comparable cargo/ equipment/ service in	The pollution cess on dusty cargoes is not a separate service. In order to recover the amount spent towards cleaning of wharf area and efforts to comply with Environment Management System (EMS) requirements, such pollution cess is proposed at the rate of ₹5/- per M. Ton dusty cargoes. Also, the amount to be collected is adjusted in the revenue requirement. Hence the Authority is requested to approve the tariff for pollution cess on dusty cargoes.

	any other Major Port Trust. If there is no rate available in any other Major Port Trust or if the rate available is not representative enough of the proposed new cargo/ service/ facility, then the port may file the proposal for notification of tariff for the said new cargo/ equipment/ service with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment. If determination of tariff based on the above prescribed options is not possible, then the Major Port Trusts after giving sufficient reasons may propose rates based on cost plus 16% return formula. In this context, the VOCPT is requested to clarify under which option the rate for pollution cess on dusty cargo is proposed amongst the options prescribed in the Working Guidelines? In case the port has adopted the rate from the rate prescribed at other Major Port Trust for similar items, then please indicate the reference of such adopted rate. If the port has proposed rate based on cost + 16%, furnish the detailed working for the proposed rate.	
7.	**Annual Revenue Requirement (ARR) (FORM NO.1) Cargo Handling Division (CHD):**	
(i).	Adjustment of Pension Fund Shortfall: (a). The VOCPT has added 1/5th of the opening shortfall in Pension Fund to the tune of ₹6,281.76 Lakhs, ₹10,720.69 Lakhs & ₹21,136.00 Lakhs for the years 2011-12, 2012-13 & 2013-14 respectively while estimating the ARR of CHD. The approach adopted by the VOCPT does not fall in line with the provisions prescribed in the Tariff Policy 2015 and Working Guidelines and hence justify the reasons for deviation from the Tariff Policy 2015 and Working Guidelines in this regard. (b). Furnish the basis and detailed working of the above figures considered in the ARR computation.	In respect of CHD, there is no surplus funds available to meet the huge shortfall in Pension and Gratuity Fund with respect to actuarial valuation. As a result, the clause 2.11 of the working guidelines providing for dispensing with Pension Fund Levy will result in heavy financial burden to CHD to meet the heavy shortfall in Pension and Gratuity Fund. As there is no Escrow fund available in CHD, utilizing the same to meet the shortfall is not possible in CHD (which is to be self sufficient as per Memorandum of Settlement dated 27.7.2011) it is proposed to cover 1/5th of the opening shortfall of each year under reference as expenditure. The pension Fund shortfall as on 01.4.2011 at ₹6281.76 lakhs and as on 1.4.2012 at ₹10,720.69 is available in the TAMP orders dated 11.10.2011 vide point No.10.1.(viii) and order dated 04.8.2014 vide point NO.5.1 (xiv) (e) respectively. The balance as on 01.4.2013 is furnished.
(ii).	4/5th of the One time expenses, if any, like arrears of wages, arrears of pension / gratuity / arrears of ex-gratia payment etc.(Sl.No. 2(iii) of Form-I):	

	The VOCPT has considered nil amount towards onetime expenses like arrears of wages, arrears of pension / gratuity / arrears of ex-gratia payment etc. The Annual Audited Accounts for the year 2013-14, however, reports that ₹10,90,62,275 and ₹11,65,857 towards WRC arrears and ACP arrears respectively for the year 2013-14. The VOCPT is requested to clarify the reasons for not considering 4/5th of such one time expenses in the ARR. While capturing, this computation the VOCPT to take into consideration note 2 (ii) under Form -1 prescribed along with the Working Guidelines.	The payment of wage revision arrears and pension arrears pertain to impact of revision for 2013-14 only shown distinctively in the Accounts as ₹10,90,62,275 towards WRC arrears and ₹11,65,857 towards ACP arrears pertain to the period of 2013-14 only. Therefore, the question of 4/5th of one time expenses deferred for future does not arise as previous expenditure is not included in the above figures.
(iii).	<u>Contribution to the Pension Fund (Sl.No. 2(iv) of Form-I)</u>: The Annual Audited Accounts reports contribution to Pension Fund of ₹354 lakhs, ₹294.98 lakhs & ₹ Nil for the year 2011-12, 2012-13 & 2013-14 respectively. 4/5th of this comes to ₹283.2 lakhs, ₹235.98 lakhs & Nil. As against this, the VOCPT has considered ₹5,025.41 lakhs, ₹8,576.55 lakhs and ₹16,908.80 lakhs for the years 2011-12, 2012-13 & 2013-14 respectively. This does not match with the 4/5th of the contribution to pension fund reported in the Audited Annual Accounts for each of the years. The VOCPT to compute and consider the figures based on the figures reported in the Audited Annual Accounts of 2013-14.	Under Form-1 vide Sl.No.1 (vi) instead of considering Pension Contribution, the Pension Fund shortfall at the beginning of the relevant year is considered and hence on the same lines under Sl.No.2 (iv) also the 4/5th of Pension Fund shortfall at the beginning is considered for adjustment.
(iv).	<u>Revenue Estimation -CHD (Form -3):</u> Indicate the actual cargo traffic handled by CHD. Confirm that the traffic of 2014-15 considered in Form 3 is the actual traffic handled by CHD. In case of any variation, please reconcile giving reasons for variation.	It is confirmed that the actual cargo traffic handled by CHD in 2014-15 is 158.80 lakh tonnes and the same is considered in Form-3 also.
(v).	<u>Scale of Rates - Section 6.1- Levy of Charges for obtaining services of cargo handling workers from Cargo Handling Division</u> The port has proposed to increase the CHD levy by 51.20%. Justify the proposed increase of 51.20% in existing levy for supply of labour from CHD for cargo handling operations as against 27.75% increase proposed for port operations. The VOCPT is requested to explore the possibility of moderating the increase proposed in CHD tariff items which are higher than the general increase proposed in the port operations at 27.70%.	The proposed increase of 51.20% in respect of CHD is arrived to obtain the annual revenue requirement of ₹104.54 crores as per required annual requirement as per Form-1(CHD) considered the traffic throughput of 158.80 lakh tonnes in 2014-15 whereas the proposed increase of 27.70% is with respect to the revenue requirement of Port viz., ₹278.41 crores as per Form-1 (Port) considering the traffic throughput of 210.68 lakhs tonnes net of PPP tonnage (113.46 lakh tonnes) from 324.14 lakhs tonnes. Hence the percentage of increase is arrived based on different figures in respect of Port and CHD. CHD is to function as a separate self

		sufficient unit as per merger settlement condition.
8.	The Authority has passed the following common adoption order for all Major Port Trusts. Apart from that, the Major Port Trusts were also requested to include suitable note in the SOR vide our letters brought out at Sl. No. (c) and (d) : (a). Order No. TAMP/52/2014-Genl.dated 28 November, 2014 relating to the guidelines on priority berthing of coastal vessels at Major Port. (b). Order No. TAMP/14/2016-Misc dated 9 February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating thereat in pursuance of MOS letter No. PD/14033/101/2015-PD.V dated 3 February 2016. (c). Letter No. TAMP/35/2013-Misc. dated 7 August 2014 directing all Major Port Trusts to prescribe a suitable note in their respective SOR regarding applicability of wharfage rates for Defence Stores in such a way that there is no ambiguity in the mind of users on the application of the prescribed rates. (d). Letter No. PD-25021/7/2015-PD.1 dated 16 April 2015 of MOS directing to all Major Port Trusts to follow the TAMP letter No. TAMP/53/2002-Misc dated 25 March 2015 regarding wharfage charges on vessel manifested as cargo in the Import General Manifest (IGM) or Export General Manifest (EGM). (e). Order No.TAMP/53/2015-VOCPT dated 10 June 2016 clarification regarding levy of concessional charges for costal cargo/ container. It is, however, seen that the port has not included the provisions prescribed in the above common adoption Orders / communication in the proposed SOR. The port is requested to incorporate the same in the draft proposed SOR. The impact, if any, on the revenue estimates may be captured in Form-3.	The provisions covered under all the common orders are considered in the submission of General Revision proposal and the financial implications involved are also taken care of.
9.	**<u>Adjustment of Additional surplus</u>**: As per clause 4.1 of the Tariff Policy, 2015, (a) additional surplus assessed by TAMP in earlier tariff Orders which remain unadjusted	As regards (b), as the existing SoR is lesser by 21.20% over proposed SoR, there shall not be any accrual of additional surplus due

	has to be transferred by Major Port Trusts to any fund as desired by the Port Trust. (b) Additional surplus, if any, accruing to the Major Port Trusts during the period of application of existing Scale of Rates till the effective date of implementation of the new Scale of Rates fixed under this policy should be assessed and transferred to the General Reserve and use the funds for the purpose of development, creation and/ or modernization of the port infrastructure facilities. As regard (a) above, it is seen that there is no past period unadjusted surplus in the case of VOCPT. As regard (b) above, the VOCPT is requested to assess the additional surplus, as required under clause 4.1 of the said Tariff Policy and furnish the same for information.	to extension of existing tariff till revision of revised rates.
10.	**<u>Performance Standards</u>**	
(i).	The VOCPT has proposed performance standards in Form-6. The VOCPT is requested to explain the basis of the proposed Performance Standards.	In view of new berthing Policy this is withdrawn.
(ii).	Clause 3.2. of the Tariff Policy 2015 stipulates that the indexation of SOR as provided in Clause 2.8 will be subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. The VOCPT may, therefore, incorporate a suitable clause in the SOR on indexation in line with the provision stipulated in clause 3.2.	Yes. The relevant clause is suitably incorporated in the draft SoR is furnished

10.2. While furnishing additional information / clarification, the VOCPT has also slightly revised draft SOR duly taking into consideration the additional information / clarification sought by us. Some of the main modifications made by the VOCPT in the proposed draft SOR dated 9 August 2016 are given below:

(i). The port has proposed port dues for sailing vessels which port stated was inadvertently deleted in the earlier proposed SOR.

(ii). The port has retained the existing definition of pilotage fee.

(iii). The port has stated that it proposes admission of an average expenditure of ₹19.21 crores towards share of port security, welfare and medical relating to cargo handling services and port and dock facility in addition to 25% cap of operating expenditure already proposed by the port in a proposal towards Management and General Overheads. The details of said expenditure are as under:

Sl. No.	Description	2011-12	2012-13	2013-14
1	Port Security	646.48	806.28	1087.24
2	Labour Welfare & Medical Expe.	1174.87	981.60	1066.64
3	Total	1821.35	1787.88	2153.88
Average Expenditure		**1921.03**		

(iv). <u>Performance Standards:</u>

The port has proposed modified Performance Standards as given below:

Sr. No.	Performance Parameters		Performance Achieved 2015-16	Proposed Performance Standards (2016-17)
1	Cargo related Services			
a)	**Av. Ship berth day Output (in tonnes)**			
(i).	Container		**21,018**	**21,500**
(ii).	Break bulk		**2,113**	**2,120**
(iii).	Dry bulk – Mec		**13,187**	**13,500**
(iv).	Dry bulk – Con		**10,331**	**10,400**
(v).	Liquid bulk		**3,829**	**3,830**
	Overall		**10,239**	**10,500**
b)	**Av. Moves per hour (in TEUs) in respect of Container**		**21**	**21**
2	**Vessels Related Services**			
a)	**Av. TRT of vessels (in days) (port + Non-port A/c)**			
(i).	Container		**1.35**	**1.30**
(ii).	Break bulk		**5.33**	**5.30**
(iii).	Dry bulk – Mec		**5.13**	**5.10**
(iv).	Dry bulk – Con		**6.48**	**6.40**
(v).	Liquid bulk		**2.96**	**2.90**
	Overall		**3.73**	**3.30**
b)	**Av. PBD of vessels (in days) (port + Non-port A/c)**			
(i).	Container		**0.28**	**0.25**
(ii).	Break bulk		**2.21**	**2.20**
(iii).	Dry bulk – Mec		**1.41**	**1.40**
(iv).	Dry bulk – Con		**3.00**	**2.90**
(v).	Liquid bulk		**0.98**	**0.90**
	Overall		**1.41**	**1.40**
3	**Any Other parameters found relevant by the Port**			
(i).	Gross Productivity (gross / MT/ day)	Coal –Mechanized at CJI & CJII	**12,030**	**12,630**
(ii).	Gross Productivity (gross / MT/ day)	Coal-Conventional at IX Berth.	**23,305**	**24,470**
(iii).	Gross Productivity (gross / MT/ day)	Coal-Conventional at III & IV Berth	**10,551**	**11,606**
(iv).	Evacuation Yard throughput (MT per Sq.m)	Coal Conventional	**15.35**	**16.00**
(v).	Short term Agreement with DBGT (MMT/YR)	Copper Concentrate handled at VIII berth	**0.18**	**0.30**
4	**% of idle time at berth**			
(i).	Container		**0.00**	**0.00**
(ii).	Break bulk		**32.35**	**31.40**
(iii).	Dry bulk – Mec		**13.34**	**12.95**
(iv).	Dry bulk – Con		**27.16**	**26.35**
(v).	Liquid bulk		**23.14**	**22.45**
	Overall		**20.84**	**20.21**

10.3. Subsequently, the VOCPT vide its email dated 26 August 2016 has clarified that in the proposed SOR the wharfage rate for Coal by whatever name prescribed in Customs Document and used for Thermal Power Plants for coastal in Zone-A may be read as ₹48.53/tonne instead of ₹29.12/tonne and the VOCPT had also requested to incorporate proposed levy of pollution cess on dusty cargo as under which though proposed in the proposal was not incorporated in the proposed SOR:

> "Schedule 3.5 : Cess for Pollution Mitigation Measures.
> *Cess for Pollution mitigating measures shall be levied at ₹5/- per M.T in respect of dusty cargoes discharged at the Port (Excluding cargo handled through closed conveyors*."

11.1. With reference to the second point of action decided at the joint hearing brought out above, the VOCPT has furnished its comments on the comments made by users / user organisations vide its letter dated 9 August 2016.

11.2. With reference to the third point of action decided at the joint hearing brought out above, the VOCPT has clarified regarding application of Pollution cess to coal handled at Coal Jetty-I and II that as the coal is being handled in coal jetty-I and II in the closed conveyor system the said pollution cess will not apply and hence suitable modification in the proposed SOR also does not arise.

11.3. With reference to the fourth point of action decided at the joint hearing brought out above, the VOCPT has stated that as far as the productivity norms are concerned, action is being taken to finalise the productivity norms as per Ministry's directions in consultation with users/ user associations and hence the productivity norms already submitted and uploaded in the port website may be considered by this Authority till finalisation.

11.4. With reference to the fifth point of action decided at the joint hearing brought out above, the proposal of the VOCPT has already been brought out.

The VOCPT has requested that the amount of ₹1,921.03 lakhs may be appropriately included. Though after considering the above expenditure under Management & General Administration overheads, the revised rate of increase comes to 36.69%, the port has requested to consider and approve a ceiling increase of 27.70% only as proposed earlier vide its letter dated 7 May 2016. The Port has stated that the same is being placed in the ensuring Board Meeting.

12.1. As stated earlier, this Authority has based on the request made by the VOCPT passed an Order dated 19 May 2016 extending the validity of existing SOR of VOCPT including the Pension Fund Levy prescribed in the existing SOR till 31 August 2016 or till the effective date of implementation of the revised SOR, whichever is earlier.

12.2. In this regard, the TANGEDCO vide its letter no.CE/Coal/SE/E2/A4/F.TAMP/ D.18/2016 dated 27 May 2016 has requested this Authority to intervene in the matter and to instruct the VOCPT not to insist on collecting Pension Fund Levy @ 6.5% from 1 April, 2016 as VOCPT has no authority to collect Pension Fund Levy based on the proposal for extension without approval of this Authority. Further, TANGEDCO has requested to obtain their views on the proposal for extension of Pension Fund Levy by VOCPT before passing any Order on the proposal.

13. 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.

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

(i). The Scale of Rates (SOR) of VOCPT was last revised by this Authority in August 2014. The validity of the SOR of VOCPT approved by this Authority vide its Order dated 4 August 2014 is till 31 March 2016. In the said Order, based on the estimated cost position, this Authority decided to maintain status quo in the then existing SOR of VOCPT and the special rate for dredging was discontinued. Pension Fund Levy of 6.5% was approved by this Authority which was to cease to apply from 1 April 2016. As regards, levy for deployment of labour from Cargo Handling Division (CHD), an increase of 167%, 223% and 207% was approved for other main pool cargo, coal at coal jetty II and salt respectively. The Pension Fund Levy for CHD was approved at ₹25.10 per tonne.

The VOCPT has filed its proposal for general revision of its SOR under the Tariff Policy 2015 on 7 May 2016.

As brought out in earlier paragraphs bringing out the factual position, the draft proposed SOR filed by VOCPT vide its letter dated 7 May 2016 took into consideration the earlier direction of the Ministry of Shipping (MOS) dated 17 September 2015 based on which this Authority had passed Order No.TAMP/4/2004-Genl dated 5 October 2015. As per the said Order, the VOCPT had, against the rate for coastal vessel, proposed a note stating that the rate for coastal vessel will be collected in Indian rupees upto 60% (of the rate juxtaposed) for foreign going vessel calculated by taking into account the exchange rate fluctuation. Subsequently, the MOS vide its letter dated 11 May 2016, directed this Authority to keep its earlier direction dated 17 September 2015 in abeyance and reinstated the MOS direction of 1st/ 3rd January 2005 and 9 March 2005. In pursuance of the said direction of the MOS, this Authority passed an Order dated 19 May 2016 to keep its Order dated 5 October 2015 also in abeyance. On being pointed out, the VOCPT has vide its letter dated 2 July 2016 furnished revised proposed SOR proposing specific rate for coastal vessel in line with the Order dated 19 May 2016 and modified Performance Standards.

As brought out in earlier paragraphs, VOCPT was requested vide our letter dated 13 July 2016 to furnish information/ clarification with reference to its proposal by 20 July 2016. After regular follow up, the port has furnished the requisite information / clarification along with revised draft SOR and modified Performance Standards vide its letter dated 9 August 2016. The information / clarification furnished by VOCPT vide its letter dated 9 August 2016 alongwith revised proposed SOR and submissions made by the port during the processing of the case are considered in this analysis. This case could be taken up for finalization only after receipt of information/ clarification from the port.

(ii). (a). Clause 2.1 of the Tariff Policy 2015 requires each Major Port Trust to assess the Annual Revenue Requirement (ARR) which is the average of the sum of Actual Expenditure as per the final Audited Accounts of the three years 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) subject to certain exclusions as prescribed the Clause 2.2. of the Tariff Policy 2015 and the Working Guidelines issued by this Authority plus Return at 16% on Capital Employed including capital work-in-progress obtaining as on 31st March 2014, duly certified by a practicing Chartered Accountant/ Cost and Management Accountant.

(b). The VOCPT has assessed the Annual Revenue Requirement (ARR) based on Audited Annual Accounts for three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) duly certified by a practicing Chartered Accountant. The VOCPT has excluded the expenses not admissible in ARR computation for arriving at the Average annual expenses for the year 2011-12, 2012-13 and 2013-14. The following adjustments done by VOCPT in line with provisions prescribed in Clause 2.2. of Tariff Policy 2015 and Clause 2.2. of Working Guidelines are brought out for specific mention along with a few modification required to be done in the computation of the ARR for the reasons explained:

(i). As per Clause 2.2. (ii) of the Tariff Policy, 2015 and Working Guidelines interest on loan is to be excluded. The VOCPT has also not considered any amount towards interest on loan. On perusing the Annual Accounts for each of the three years, it is seen that interest on loan is nil. Hence the treatment given by the VOCPT is found to be in order.

(ii). (a). As per Clause 2.2(iii) of Tariff Policy 2015 and the Working Guidelines, 1/5 of one-time expenses like arrears of wages, pension/ gratuity, ex-gratia payments arising out of wage revision etc. are to be included in the Annual Revenue Requirement (ARR). Likewise, 1/5th of the Contribution to Pension Fund are to be included for the calculation of ARR. This means 4/5th of the above mentioned expenses are to be excluded in the ARR computation.

(b). The port has shown nil figures towards the one time expenses like arrears of wages, arrears of pension/ gratuity, arrears of ex-gratia payment. The port has confirmed there is no one time payment on the above accounts. The position is relied upon.

(c). The port has excluded ₹1,300.97 lakhs, ₹640 lakhs and ₹1,720 lakhs in the years 2011-12, 2012-13 & 2013-14 respectively as 4/5th of contribution to the pension fund. The port has reconciled the figures with the figures reported in the Annual Accounts of each of the years 2011-12 to 2013-14. It is seen from the reconciliation statement furnished by the port that the figures reported in the Annual Accounts of the port is towards Contribution to Pension Fund and Gratuity Fund. The port has given break up for both these contribution to the funds and considered 4/5 of the contribution to pension fund for exclusion as required as per clause 2.2 (iii) of Tariff Policy, 2015.

(iii). As per Clause 2.2. (iv) of Tariff Policy 2015 and Clause 2.2. (iv) of the Working Guidelines, Management and General Administration Overheads (MGAO) subject to a cap of 25% of aggregate of the operating expenditure and depreciation is only to be considered in the ARR calculation.

The MGAO reported in the Audited Annual Accounts is ₹5,221.51 lakhs, ₹5,729.93 lakhs and ₹6,816.73 lakhs for years 2011-12, 2012-13 and 2013-14 respectively.

In Form 2, to arrive at the admissible MGAO, the VOCPT has considered sum of operating expense and management and general overhead at ₹14,302.93 lakhs, ₹15,348.73 lakhs and ₹17,296.09 lakhs for years 2011-12, 2012-13 and 2013-14 respectively. From that after excluding the operating expense of estate, the VOCPT has finally assessed 25% on ₹13,669.69 lakhs, ₹14,884.87 lakhs and ₹15,918.26 lakhs for the 2011-12, 2012-13 and 2013-14 respectively to arrive at the MGAO cap of ₹3,416.67 lakhs, ₹3,721.22 lakhs and ₹3979.57 lakhs. Since MGAO reported as per Audited Annual Accounts is in excess of the prescribed cap of 25%, the VOCPT has considered ₹1,804.84 lakhs, ₹2,008.71 lakhs and ₹2,837.17 lakhs for years 2011-12, 2012-13 and 2013-14 respectively as exclusion from total expenses while assessing the ARR.

The port during the proceeding of the case has clarified that some of the expenses like CISF expenses, inspection related expenses, IT related expenses are captured under MGAO and hence the computation of MGAO in excess of 25% cap will be re-examined. Subsequently, the port has furnished the sum of port security and labour welfare expense and medical expense reported under the MGAO which is reported to be related to cargo handling services and port and dock facility to the tune of ₹1,821.35 lakhs, ₹1,787.88 lakhs and ₹2,153.88 lakhs. The VOCPT has requested this Authority to take cognisance of this while arriving at 25% cap of the operating expense for MGAO. In view of clarification furnished by the VOCPT, the above expenses which are reported to be related to cargo and vessel related activity are excluded from the MGAO and added to the operating expenditure in Form 2. This exercise is done only for the purpose of arriving the admissible cap of MGAO in view of submissions made by VOCPT that the two heads of expenses related to cargo and vessel related activity are captured in MGAO. It is relevant to state that similar adjustment was also made by the NMPT which was admitted by this Authority while revising the SOR of the NMPT.

Subject to above analysis, the cap on MGAO at 25% of the Operating Expenses works out to ₹2,566.63 lakhs, ₹2,735.71 lakhs and ₹2,813.85 lakhs for the years 2011-12, 2012-13 and 2013-14 respectively. Since MGA reported as per Audited Annual Accounts is in excess of the prescribed cap of 25%, the excess of the prescribed cap level i.e. ₹8,33.53 lakhs, ₹1,206.35 lakhs and ₹1,849.00 lakhs for years 2011-12, 2012-13 and 2013-14 respectively is excluded from the total expenses for each of the year for computation of ARR.

(iv). As per Clause 2.2(v) of the Working Guidelines notified by this Authority, all expenses relevant for captive berths are to be excluded from the computation of ARR. The VOCPT has excluded depreciation of ₹58.54 lakhs, ₹58.83 lakhs and ₹76.05 lakhs in the years 2011-12, 2012-13 and 2013-14 respectively towards captive berths. However, the port has not shown any exclusion of operating expenses, allocated Management & Administrative Overhead (MAO) and allocated Finance & Management Expenses (FME) towards captive berth. The VOCPT has clarified that the port does not incur any direct Operating Expenditure and Finance & Miscellaneous expenditure items relating to captive berths operated by BOT Operators except depreciation relating to respective berths. Hence, the port has not shown any exclusion of operating expenses, allocated Management & Administrative Overhead (MAO) and allocated Finance & Management Expenses (FME) towards captive berths. The above clarification furnished by the VOCPT is relied upon.

(iii). Following the provisions prescribed in clause 2.3. of the Tariff Policy 2015 and clause 2.3. of the working guidelines, the quantum of average expenses for the years 2011-12, 2012-13 and 2013-14 is arrived at ₹16,421.08 lakhs as against ₹15,500.46 lakhs estimated by the VOCPT.

(iv). As per Clause 2.4 of Working Guidelines 2015 for computation of capital employed, the port has to exclude net value of fixed asset related to estate activity and net fixed assets transferred to BOT operators as on 31 March 2014 as per Audited Annual Accounts.
The VOCPT has arrived at the capital employed figure based on the Audited Annual Accounts as on 31 March 2014 at ₹93,250.18 lakhs, which comprises of ₹88,644.92 lakhs towards Net fixed assets + ₹9,980.39 lakhs towards value of work-in-progress + ₹2,020.35 lakhs towards working capital - ₹650.69 lakhs towards net fixed assets related to Estate Activity – ₹6,744.79 lakhs towards net value of fixed asset transferred to BOT operators in respect of Beth No.VII, VIII and captive berth North Cargo Berth (NCB)-1. As regard, ₹1,732.05 lakhs excluded by VOCPT towards NCB-1, it is relevant to state that during the fixation of upfront tariff for this berth, it was made to understand by the port that the NCB-1 was constructed by the VOCPT on deposit terms as per the sanction of the MOS vide letter no.PD-11015/5/2006-TPT dated 22 October 2009. When requested to review exclusion of this item, the VOCPT has clarified that the exclusion is towards the net value of fixed assets relating to NCB-I pertaining to expenditure for common usage regarding road and electricity around the berth area developed by the Port for the operation of NCB-I and not relating to Berth. The port has confirmed that exclusion of the same is in order. Working capital comprises of Inventory, Sundry debtors and Cash balances. The VOCPT has computed working capital as per norm prescribed in clause 2.5. of

working guidelines at ₹2,020.35 lakhs. The capital employed as furnished by the VOCPT is relied upon and considered.

(v). The total capital employed arrived by VOCPT is ₹93,250.18 lakhs. The Returns on Capital Employed at 16% is ₹14,920.03 lakhs which is considered in the ARR computation.

(vi). The ARR estimated by VOCPT is the average of the expenditure for the three financial years 2011-12 to 2013-14 at ₹15,500.46 lakhs plus 16% ROCE at ₹14,920.03 lakhs aggregating to ₹30,420.09 lakhs as on 31 March 2014. Further, the VOCPT as per Clause 2.7. of Working Guidelines has indexed the said ARR @ 100% of the WPI applicable for the year 2014-15 and 2015-16 at 6% and 3.82% respectively and arrived at ceiling indexed ARR forwarding SOR at ₹33,477.41 lakhs for the year 2015-16.

From the ceiling indexed Annual Revenue Requirement (ARR) at ₹33,477.51 lakhs, the VOCPT has shown adjustment (reduction) of ₹5,637.03 lakhs being the Escrow Account balance as on 31.3.2014 and has arrived at the adjusted ceiling ARR of ₹27,840.48 lakhs and matched with the revenue estimated at the draft proposed SOR at ₹27,840.48 lakhs.

Clause 4.2 of the Tariff Policy, 2015 and Clause 2.11 of Working Guidelines state that balance in the Escrow accounts maintained by the Major Port Trust can be utilized for the purpose as decided by the Board of Trustees of the concerned Major port trusts. Thus, the Tariff Policy, 2015 and Working Guidelines do not require the Major Port Trusts to adjust the Escrow Accounts balance against the ARR. The ARR is the ceiling level and ports have the flexibility to draw the proposed SOR within the ceiling indexed ARR. When pointed out this position, the VOCPT has clarified that since Clause 2.11 of Working Guidelines provides that the balance in the Escrow accounts maintained by the Major Port Trust can be utilized for the purpose as decided by the Board of Trustees of the concerned Major port trusts, the Port has shown deduction of ₹5,637.03 lakhs from the indexed ARR.

It is relevant to state that in none of the other Major Port Trusts viz. New Mangalore Port Trust (NMPT), Cochin Port Trust (COPT), Visakhapatnam Port Trust (VPT), Kandla Port Trust (KPT), Mumbai Port Trust (MBPT) who filed the proposal under Tariff Policy, 2015 have proposed such an adjustment. The Tariff Policy, 2015 do not require the Major Port Trusts to adjust the Escrow Accounts balance against the ARR. The ARR is the ceiling level and ports have the flexibility to draw the proposed SOR within the ceiling indexed ARR. Hence this adjustment of considering the Escrow Account Balance as reduction from the ARR is not being shown in the revised ARR computation prepared by us. By not showing this adjustment in the ARR does not refrain the port to do so as they have the flexibility under Tariff Policy, 2015 to utilise the funds in Escrow Balance as decided by the Port Trust Board.

(vii). Subject to above modification, the ARR calculation furnished by the VOCPT vide its letter dated 7 May 2016, which is duly certified by Chartered Accountant is relied upon. A summary of the ceiling indexed ARR furnished by the VOCPT and as considered by this Authority subject to modification explained in the above analysis is given below:

(Amount ₹ in lakhs)

Sr. No.	Particulars	As estimated by the VOCPT	As considered by this Authority
1.	Average Expenses for the years 2011-12, 2012-13 and 2013-14	15,500.46	16421.08
2.	Capital employed including net fixed asset, capital work-in- progress as on 31.03.2014 and working capital as per norms	93,250.18	93,250.18
3.	Return on capital employed @ 16%	14,920.03	14,920.03
4.	ARR as on 31 March 2014 (4=1+3)	30,420.49	31,341.11

5.	Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 (6%)	32,245.72	33,221.58
6.	Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 (3.82%)	33,477.51	34,490.64
7.	Ceiling Indexed Annual Revenue Requirement (ARR)	33,477.51	34,490.64
8.	Revenue estimated by VOCPT at the proposed Scale of Rates	27,840.48	27,840.48

(viii). As per Clause 2.6. of Tariff Policy 2015, the Major Port Trusts have the flexibility to determine the rates to respond to the market forces based on commercial judgment and draw the Scale of Rates within the ceiling of indexed ARR, duly certified by a practicing Chartered Accountant. The port has proposed uniform hike of 27.70% in all tariff items for vessel related charges, cargo related charges and miscellaneous charges. Pension Fund levy of 6.5% is dispensed with. After dispensing the Pension Fund levy, the net increase is 21.20% only.

It is seen that the port, while estimating revenue at proposed SOR, has considered the revenue earned during the year 2014-15 and increased it by the proposed tariff hike of 27.7% to arrive at estimated revenue at the proposed Scale of Rates. The port has proposed uniform wharfage rate for coal cargo by whatever name described in the Customs Document. Further, port has proposed new pollution cess on dusty cargo at ₹5/tonne. The port has also proposed few modification in the existing conditions and has also proposed new conditionalities which are discussed in the subsequent paragraphs.

As per the format prescribed for estimating the revenue, the VOCPT is required to estimate revenue for each tariff items viz. cargo, vessels and miscellaneous services at the proposed rate for the actual traffic handled by the port in the year 2014-15. Despite request to furnish detailed working of revenue estimation indicating each of the tariff items in the proposed SOR for corresponding traffic handled in 2014-15 as required as per Clause 2.9. of the Working Guidelines, the VOCPT has maintained its stand that actual earnings of 2014-15 is used as a base and proposed increase applied thereon to arrive at the revenue estimates at the proposed tariff on the existing SOR is computed. The port has confirmed that the total GRT vessel considered in the revenue estimates for vessel related charges matches with the actual total GRT of the vessel handled by the port for the year 2014-15. The port has also confirmed that volume of cargo considered in the revenue estimates matches with the actual cargo handled and reported in the year 2014-15 net of tonnage handled through PPP Operator viz., VII Berth and VIII Berth Container Terminal and NCB I. As regards new tariff item proposed at ₹5 per tonne towards pollution cess on dusty cargo, the VOCPT has captured revenue estimate of ₹542.72 lakhs in the revenue estimates.

The earlier paragraphs tabulating the information sought from the port lists out a few tariff items for which revenue at the proposed Scale of Rates is not found to be estimated. The VOCPT was requested to estimate the revenue at proposed rates for the above items also. Alternatively, the VOCPT may leave reasonable amount of ARR uncovered to take care of tariff of the above of few items for which revenue is not estimated. The port has clarified that for those items listed therein, revenue is meager and hence it is clubbed under basic vessel related income and the revenue estimation has been calculated. For the new tariff item viz. wharfage rate for handling car and vehicles, the port has stated that since this is new cargo item expected in future, the impact of financial implication could not be quantified.

Based on the above clarification furnished by the port and recognising that the revenue estimates is duly certified by the practicing Chartered Accountant, the revenue estimated by the VOCPT is relied upon.

The port has also furnished copy of the Board resolution of VOCPT approving the proposed Scale of Rates and Performance Standards.

(ix). The computation of ARR as furnished by the VOCPT is attached as **Annex - I**. Subject to the above analysis, the modified ceiling indexed ARR works out to ₹34,490.64 lakhs as against ₹33,477.51 lakhs estimated by the VOCPT. The computation of modified ARR is attached as **Annex - II**. The revenue estimated by the VOCPT at the proposed SOR is ₹27,840.87 lakhs. As brought out in the subsequent paragraphs, the VOCPT has stated that for a few tariff items / conditionalities, the revenue cannot be quantified. Considering the revenue gap between the ceiling indexed ARR for the port as whole as assessed in the subsequent paragraph, and revenue estimate at proposed tariff, the income arising on account of few new tariff items/ conditionalities and modification in the existing conditionalities for which income is not estimated would get subsumed in the revenue gap of ₹3,899.31 lakhs as estimated in the analysis given in the subsequent paragraph for the port as a whole.

(x). The port has stated that CHD is to function as a separate self-sufficient unit as per merger settlement condition. The VOCPT has furnished separate computation of ARR for its CHD in prescribed Form-1. The VOCPT has assessed the Annual Revenue Requirement (ARR) based on figures for CHD reported in the Audited Annual Accounts for three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) duly certified by a practicing Chartered Accountant. The ARR estimated by the VOCPT for CHD and modifications done thereon are discussed hereunder:

(a). For arriving at the average expenditure based on Audited Annual Accounts for three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3), the VOCPT has taken the operating expenditure reported in the Annual Accounts of the VOCPT for each of these years, which is considered.

(b). As regards, the Finance and Miscellaneous Expenditure (FME), the port has taken the FME reported in the Annual Accounts of the VOCPT for each of three years and has excluded the Contribution to Pension fund for CHD reported in the Annual Accounts of the VOCPT reported at ₹354.00 lakhs, ₹294.98 and ₹nil in the years 2011-12 to 2013-14 respectively therefrom and has considered the balance FME i.e. ₹1645.90 lakhs, ₹1058.08 lakhs and ₹1119.98 lakhs. The VOCPT has then added opening shortfall in the Pension Fund to the tune of ₹6,281.76 lakhs, ₹10,720.69 lakhs and ₹21,136.00 lakhs in each of the above years.

The port has assessed total expenditure before adjustments at ₹13,093.62 lakhs, ₹17,532.67 lakhs and ₹28,101.39 lakhs respectively. All the adjustments prescribed in the Tariff Policy, 2015 is considered as nil by VOCPT except for one adjustment. The port has excluded 4/5 of the opening shortfall in the Pension Fund from the total expenditure at ₹5,025.41 lakhs ₹8,576.55 lakhs and ₹16,908.80 lakhs for the years 2011-12 to 2013-14 respectively. The port has stated that the pension Fund shortfall as on 01.4.2011 at ₹6281.76 lakhs and as on 1.4.2012 at ₹10,720.69 is available in the Orders dated 11.10.2011 approved by this Authority vide para no.10.1.(viii) and Order dated 04.8.2014 vide para no.5.1.(xiv) (e) respectively. The basis for ₹21,136.00 lakhs remains unexplained.

In other words, the VOCPT has added 1/5th of the opening shortfall in Pension Fund for the years 2011-12, 2012-13 & 2013-14 respectively while estimating the ARR of CHD. The port has stated that in respect of CHD, there is no surplus funds available to meet the huge shortfall in Pension and Gratuity Fund with respect to actuarial valuation. Clause 2.11 of the working guidelines providing for dispensing with Pension Fund Levy. This will result in heavy financial burden to CHD to meet the heavy shortfall in Pension and

Gratuity Fund. The port has argued, as there is no Escrow fund available in CHD, utilizing the same to meet the shortfall is not possible in CHD (which is to be self-sufficient as per Memorandum of Settlement dated 27.7.2011), the port has proposed to cover 1/5th of the opening shortfall of each year under reference as expenditure.

The approach adopted by the VOCPT of arriving at the ARR by adding 1/5th of the shortfall in the opening balance in the Pension Fund is not in line with the provisions prescribed in the Tariff Policy, 2015 and Working Guidelines. In none of the other Major Port Trusts whose tariff is fixed following Tariff Policy, 2015 including Kandla Port Trust, New Mangalore Port Trust where there is separate CHD, such adjustment of opening shortfall in in the Pension Fund is done while approving the tariff for CHD. Moreover, it is relevant to state that the approach adopted by VOCPT of considering opening shortfall assessed in the two Orders referred by VOCPT dated 11 October 2011 and 4 August 2014 is not correct as in the said Orders, based on the shortfall assessed, this Authority has approved pension fund levy for CHD at ₹9/ tonne and in the Order dated 11 October 2011 and ₹25.10/ tonne in the Order dated 4 August 2014. Since the approach adopted by the VOCPT of considering 1/5th of the opening shortfall in the Pension Fund in the years 2011-12 to 2013-14 in the Pension Fund is not in line with the provision in the Tariff Policy in 2015, there is no extra ordinary situation warranting deviation from the Tariff Policy, 2015 only in the case of the VOCPT. Hence this adjustment done by the VOCPT in the ARR computation of CHD is not considered.

Thus, in the cost statement prepared by us, FME as reported in the Annual Accounts is considered. The VOCPT has not reported any adjustment as regards interest on loan, captive berth, estate and Management and General Overhead which is accepted. The adjustment of 4/5th of the Contribution to Pension Fund is done based on the figures reported in the Annual Accounts for each of the years which comes to ₹283.20 lakhs, ₹235.98 and ₹nil in the years 2011-12 to 2013-14 respectively. This adjustment is in line with the prescription in the Tariff Policy 2015.

(c). The VOCPT has not considered any amount towards one time expenses like arrears of wages, arrears of pension / gratuity / arrears of ex-gratia payment etc. The Annual Audited Accounts for the year 2013-14, however, reports that ₹10,90,62,275 and ₹11,65,857 towards Wage revision arrears and ACP arrears respectively for the year 2013-14. On being pointed out, the VOCPT has clarified that this impact pertains to the 2013-14 only and is shown distinctively in the Accounts. The port has confirmed that no adjustment is required on this account. This position is relied upon as the figures are duly certified by a practicing Chartered Accountant.

(xi). Working capital comprises of Inventory, Sundry debtors and Cash balances. The port has not considered Inventory and Sundry Debtors for CHD. The cash balances estimated by VOCPT are seen to be computed as per norms prescribed in clause 2.5. of Working Guidelines. The working capital estimated by VOCPT at ₹580.38 lakhs is taken into account.

(xii). The total capital employed arrived by VOCPT is ₹588.15 lakhs. The Returns on Capital Employed at 16% is ₹94.10 lakhs which is considered in the ARR computation.

(xiii). The ARR estimated by VOCPT is the average of the expenditure for the three financial years 2011-12 to 2013-14 at ₹9,405.64 lakhs plus 16% ROCE at ₹94.10 lakhs aggregating to ₹9,499.74 lakhs as on 31 March 2014. Further, the VOCPT as per Clause 2.7. of Working Guidelines has indexed the said ARR @ 100% of the WPI applicable for the year 2014-15 and 2015-16 at 6% and 3.82% respectively and arrived at ceiling indexed ARR forwarding SOR at ₹10,454.39 lakhs for the year 2015-16.

(xiv). The computation of ARR for CHD as furnished by the VOCPT is attached as **Annex - III**. Subject to above analysis, the ceiling indexed ARR estimated by VOCPT is modified. The computation of modified ARR is attached as **Annex - IV**. Subject to above modification, the average expenditure for the three years 2011-12 to 2013-14 works out to ₹6,906.34 lakhs plus 16% ROCE as estimated by VOCPT aggregating to ₹7,703.93 lakhs. Except for the modification explained the above analysis, the ARR calculation furnished by the VOCPT vide its letter dated 7 May 2016, which is duly certified by Chartered Accountant is relied upon. A summary of the ceiling indexed ARR furnished by the VOCPT for CHD and as considered by this Authority subject to modification explained in the above analysis is given below:

(Amount ₹ in lakhs)

Sr. No.	Particulars	As estimated by the VOCPT	As considered by this Authority
1.	Average Expenses for the years 2011-12, 2012-13 and 2013-14	9,405.64	6,906.34
2.	Capital employed including net fixed asset, capital work-in- progress as on 31.03.2014 and working capital as per norms	588.15	588.15
3.	Return on capital employed @ 16%	94.10	94.10
4.	ARR as on 31 March 2014 (4=1+3)	9,499.74	7,000.45
5.	Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 (6%)	10,069.73	7,420.47
6.	Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 (3.82%)	10,454.39	7,703.93
7.	Ceiling Indexed Annual Revenue Requirement (ARR)	10,454.39	7,703.93
8.	Revenue estimated by VOCPT and by TAMP within the ceiling indexed ARR	10,454.39	10,454.39

(xv). The port has proposed to increase the CHD levy by 51.20% to meet the estimated ARR of ₹10,454.39 lakhs.

The existing Pension Fund levy of ₹25.10/ tonne in CHD has been dispensed with as per Working Guidelines of Tariff Policy, 2015. The port has reported that after dispensing of pension fund levy the net increase in CHD is 2% for cargoes other than coal and salt and 13% for coal at coal jetty.

The port has confirmed that the actual cargo traffic handled by CHD in 2014-15 at 158.80 lakh tonnes and the same is considered in revenue estimates. The revenue estimated by the VOCPT at the proposed increase of 51.20% is ₹10454.39 lakhs. The ceiling ARR and revenue estimated by the VOCPT at the proposed tariff are duly certified by the Chartered Accountant which is relied upon. However, in view of the above analysis the modified ARR works out to ₹7,703.93 lakhs.

As stated earlier, the port has assessed the ARR and proposed tariff separately for port operations and for CHD. In other general revision proposals like the NMPT, KPT, MBPT, the ports had assessed ARR for the port as a whole including CHD while seeking revision under Tariff Policy, 2015 though in their cases also, the Accounts of CHD is maintained separately.

If the position for the port as a whole is analysed, the total modified ceiling indexed ARR for port operations plus CHD works out to ₹42,194.57 lakhs i.e. ₹34,490.64 lakhs assessed for port operations and ₹7,703.93 lakhs for CHD. As stated earlier, the revenue estimate from port operations at the proposed tariff increase of 27.7% in port operations is ₹27,840.87 lakhs. Balance ARR is ₹14,353.70 lakhs i.e.

(₹42,194.57 lakhs - ₹27,840.87 lakhs) which has been left uncovered. The revenue estimated by the VOCPT at the proposed increase of 51.20% for CHD is ₹10,454.39 lakhs. Considering the revenue gap of ₹14,353.70 lakhs, tariff increase of 51.20% proposed by the VOCPT is allowed as proposed by the port. This will still leave a revenue gap of ₹3,899.31 lakhs. The income arising on account of few new tariff items/ conditionalities and modification in the existing conditionalities for which income is not estimated would get subsumed in the revenue gap of ₹3,899.31 lakhs.

As per clause 2.11 of the Working Guidelines issued by this Authority, Pension Fund levy, if any, approved by this Authority is to be dispensed with. Hence the proposal of VOCPT to dispense with the existing Pension Fund levy for CHD is accepted.

(xvi). In the original proposed SOR, the VOCPT had proposed deletion of existing port dues separately prescribed for Sailing Vessels at Sl. No.2. On being pointed out, the port has clarified that the said deletion was typographical error and has proposed tariff for the same in the revised SOR applying 27.7% tariff increase as proposed for other items. The port has confirmed that revenue estimation already captures revenue for this tariff item.

(xvii). The VOCPT had earlier proposed some modification in the definition of pilotage fee by inserting the words, “subject to a maximum of Two tugs” Clause 10.4 of the Working Guidelines, 2015 defines pilotage as Pilotage-cum-towage fee to be composite rate and shall include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for ‘Port convenience.’ On pointing this out, the VOCPT has retained the definition prescribed in the existing SOR.

(xviii). The port has proposed new notes under schedule 2.2.3 (i) and (ii) prescribing minimum shifting charges. The port has clarified that the minimum shifting charges are proposed at 25% / 50% of the minimum pilotage fee. The proposed notes is approved as proposed by the port. The port has clarified that instances are very rare and negligible in financial terms.

(xix). The existing SOR prescribes charges for shifting of a vessel to outer anchorage/ any other berths on account of its non performance. Note 9 (b) prescribes levy of 25% of the pilotage fees prescribed in Schedule 2.2.1 in case a vessel is shifted to berths I to VI or between Coal Jetty I and II and Oil Jetty.

The port has now, in the said note, added the berth nos.VII, VIII, North-Cargo Berth (NCB) Nos.I & II as well. The port has clarified that as there could be possibility of shifting of vessels to outer anchorage/any other berth on account of its non performance in respect of vessels berthed / to be berthed at berths VII, VIII and NCB-I & NCB-II, this clause is modified accordingly. The port has confirmed that the instances are very rare and negligible in financial terms. Based on the clarification furnished by the port, the modification to the existing note proposed by the VOCPT is approved.

(xx). There was typographical error observed in the coastal tariff for other crafts prescribed at Sl.No.3 under Schedule No.2.4.2 Berth Hire Charges for other Vessels. Applying proposed increase of 27.7% to the existing foreign going rate, comes to ₹2.12 per GRT/hour instead of proposed rate of ₹2.18/GRT/hour. The port has stated that typographical error is verified and corrected. However, correction does not seem to have been done in the revised proposed SOR. The corrected rate ₹2.18 /GRT/hour is prescribed in the SOR. Apart from that, there are some arithmetical error which are corrected in the revised SOR.

(xxi). (a). The port has proposed a new conditionality at note 4 under Schedule No.2.4.2 Berth Hire Charges for other Vessels proposing cargo wise output norms for determining berth occupancy and levy of penal berth hire charges.

Subsequent to the table proposing output norms under note 4, the port has proposed a note stating that port reserve the right to revise the norms as per the field condition and that decision of Traffic Manager in this regard shall be final and binding. Since the performance standards notified by this Authority will have linkage to indexation in tariff, it appeared that the proposed note to revise the norms during the currency of the tariff cycle may run in conflict with indexation of tariff which has linkage to pre-determined performance standards. The port was, therefore, requested to review the proposed note.

The port has clarified that as per the New Berthing Policy for Dry Bulk for Major Ports issued by the Ministry of Shipping vide Clause 7.2., Performance norms in a phased manner is to reach the target levels achievable for each commodity for the given infrastructure available at berths. To this end, performance norms for different commodities alongwith anchorage charges will have to be computed every quarter by all Ports. Hence, the proposed note is inserted with provision to revise the norms as per the field condition. The words “decision of the Traffic Manager --- final and binding” is deleted by the VOCPT in the revised proposed SOR. In view of the clarification furnished by the VOCPT and also recognising that none of the users/ user associations have made any adverse remark to the proposed note, this Authority decides to go by the proposal by the port except for deleting of the words that port to revise the norms as per the field condition. It is relevant to state here that the ports already have the flexibility to relax the output norms. In case the port proposes to revise the prescribed output, upwards approval of this Authority will be required as the output norms are linked to penal/ rebate in berth hire charges. In view of the position, the proposed condition of the port revising the norms as per the field condition is deleted.

The Tuticorin Stevedores Association (TSA) has suggested some modification in the proposed productivity norms. The port has clarified that for each cargo Port has derived the productivity from the actuals tonnage handled in the last three years after taking into the account the existing infrastructure facilities available in the Port. The VOCPT has stated that Ship Agents Association vide their letter dated 18 December 2015 had requested the Port to revisit the norms stating that the newly revised norms are very high which may not be achieved by them. After discussion with the representatives of the Ship Agent’s Association and with the representative, who handled the above said cargoes, the Port has revised the norms for a few cargo items based on their request. The port has stated that considering the Port users request, the port had revised the norms based on the three years average for each cargo by taking the total tonnage handled during the past 3 years in the divided by the number of hooks engaged for each cargo and the minimum is only 75% of said per day average tonnage. The port has emphatically stated that the request of the TSA to further reduce the output norms is not justifiable.

During the processing of the case, the VOCPT had stated that some fine tuning is required in the proposed productivity norms. In this regard, the VOCPT was requested to furnish fine-tuned productivity norms and send the productivity norms. In this regard, the VOCPT has stated that as far as the productivity norms are concerned, action is being taken to finalise the productivity norms as per Ministry’s directions in consultation with users/ user associations and hence has requested this Authority to consider the productivity norms submitted in the proposal till finalization by the port. Hence, the output norms as proposed by the port is prescribed in the SOR. If port envisages to do so, the VOCPT may approach this Authority with a proposal in consultation with the trade to notify the modified productivity norms.

(c). The port has proposed penalty of 50% of additional berth hire if productivity of vessel is less than the proposed output norms. If vessel achieves productivity which is 66.66% less than the output norms, port has proposed penalty of 75% additional Berth hire for stay exceeding stipulated hours. The port has proposed discount of 10% and 20% on Berth hire charges if productivity achieved is 125%/ 150% more than the prescribed output norms per day.

Apart from cargo-wise output prescribed under note (4), the port has also proposed separately output norms and provisions relating to penalty for non achievement of the output norms and rebate in berth hire charges for achieving higher than the productivity norms in respect of Coal vessels handled at Berth No. IX & Berth nos. III and IV. The port proposed penalty at 3 times and 5 times the berth hire (excluding wharf crane element) if the proposed output norms are not achieved. Likewise, rebate of 10% / 20% in berth hire charges are proposed if the proposed output norms are achieved.

The Tuticorin Stevedores Association (TSA) has stated that productivity quantum fixed for coal at berth nos.III and IV of VOCPT and Berth No.IX will practically depend on the availability of discharge space at Berth and evacuation of previous vessel cargoes occupying the Berth that may hinder the quantum of discharge of coal vessels at III, IV and IX Berths. As such, TSA has suggested that the proposed penalty for discharging less than the productivity norms must be reduced to extra one time Berth hire for vessel exceeding the stay period calculated for the discharges norms of 12000 MT/ day and for less than the discharge norms of 10,500 MT it can be imposed at 2 times of Berth hire stay.

The port has clarified that the benchmark productivity on Coal handling at berth No.IX and berth III & IV is proposed based on the recommendations of M/s.BCG in their report dated 04.11.2015 (non-negotiable as instructed by Ministry of Shipping). The port has emphatically stated that the suggestion of TSA for revision of discharge norms at Berth III, IV & IX for imposing of penalty / rebate may not be considered.

The port has further stated that the revised productivity norms issued by the Ministry of Shipping for Dry bulk cargoes in the Berthing Policy, 2016 supersedes the productivity norms proposed by M/s BCG. The port has, however, stated that in the proposal, the proposed the productivity norms are based on the recommendations of the consultant. The port has also proposed notes relating to penalty / rebate linked to Future Output. The port has clarified that the future output denotes that after implementation of mechanization operations at IX Berth and erection of 2 nos. of HMC at berth nos.III and IV, the higher output norms proposed as future output will apply.

The port has stated that the penalty and rebate scheme was formulated and recommended by M/s.BCG in their report dated 04.11.2015 (non-negotiable as instructed by Ministry of Shipping). The port has also stated that the extent of penalty at 3 times on the extra berth hours is also there in the new Berthing Policy, 2016 issued by the MOS.

It was pointed out to the VOCPT that the proposed conditions governing levy of penalty and grant of rebate have not been prescribed in the reference tariff approved for the berth no.(IX) and VOC III & IV. The VOCPT was, therefore, specifically requested to examine whether prescription of the proposed conditions would give rise to disputes with the successful bidders of berth no.(IX) and VOC III & IV.

In this regard, the port has clarified that there are no PPP operations in Berth No. IX, VOC III & IV, as these berths are operated by VOC Port. The port has stated that only in berth no.IX given on license basis, HMC is deployed at present. The port has clarified that penalty and grant of rebate are to be on vessel operators. The port has thus proposed to continue with the notes proposed by it in the earlier SOR. It is relevant to state that all the concerned users, all the concerned BOT operators including the crane operator Imcola Crane Company Pvt. Ltd (ICCPL) were consulted on the subject proposal. None of the users, user associations or ICCPL have made any adverse remarks on the proposed conditions. That being so, and since the VOCPT after examining the matter has proposed these conditions in the SOR and the port has also stated that the proposed conditions are applicable on vessel operator, the notes and conditions relating to penalty and rebate in berth hire charges in respect of coal vessels handled at berth nos.IX, III and IV as proposed by VOCPT are approved along with rebate/ penal provisions proposed by VOCPT in respect of cargo other than cargo handled at Berth nos.III, IV and IX.

(d). The port was requested to furnish the working of additional income likely to accrue in view of the each of the proposed conditions and also show where it is captured in the revenue estimates. The port has stated that as clause relates to penalty for lesser productivity and incentive for higher productivity, the financial implication is beyond estimation and the same will be negligible. As stated earlier, there is revenue gap ₹6,649.77 lakhs and income from the proposed new conditionalities for which income is not estimated would get subsumed from the said revenue gap.

(xxii). The existing SOR at Note 9 under schedule 2.4.2 prescribes a note stating that 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.

The VOCPT whilst retaining the existing said note has proposed two new notes under schedule 2.4.2 at Sl. No.11 viz. (i) If the intimation for cancellation is received in advance before 24 hours of the time of services requested, there will be no penal berth hire charges; otherwise the same at one day's berth line is to be levied and (ii). The amount of penalty for amendment is at ₹5,000/- per amendment.

The port has clarified that the users had requested to withdraw one day penal berth hire charges levied for cancellation of vessel booking as the same is exorbitant. Hence, to consider the request and also for amendment of berthing programme, it is proposed to relax the conditionality by incorporating the above mentioned two new Notes. The port has clarified that revenue impact on this issue could not be predicted as it is not a recurring one. Since the proposed two notes are reported to be based on the request of trade, the same is approved.

(xxiii). In the wharfage schedule, the tariff prescribed for coal and coke in the existing SOR and the proposed nomenclature and tariff for cargo items under coal and coke is tabulated below for ease of reference:

(a). **As prescribed in the existing SOR.**

Rate in ₹ per tonne

Sl. No.	**Particulars**	**Unit of Charge**	**Zone A**		**Zone B**	
3.	**COAL & COKE**		**Foreign**	**Coastal**	**Foreign**	**Coastal**
	(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	--	--

(b). **As proposed by the VOCPT**

Sl. No.	**Particulars**	**₹ per tonne**				
		Unit of Charge	**Zone A**		**Zone B**	
			Foreign	**Coastal**	**Foreign**	**Coastal**
3	**COAL & COKE**					
	(a). Charcoal in bags/bulk.	1 M.T.	35.76	21.45	15.32	9.19
	(b). Coal by whatever name described in Customs Document and used for Thermal Power Plants	1 M.T.	48.53	48.53	-	-
	(c). Coal by whatever name described in Customs Document other than sl.no.3 (b) above.	1 M.T	48.53	29.12	29.12	17.47
	(d). Coal and Coke handled through Coal Jetty (other than thermal coal).	1 M.T.	48.53	29.12	-	-
	(e). Thermal Coal	1 M.T.	48.53	48.53		

It can be seen that the port has modified the nomenclature of the three items. When requested to elaborately explain the reasons and basis therefor, the port has stated that at present there is no clarity in the classifications of coal as to which are meant for power plants and which are meant for other than power plants, as Customs document classify as Steaming (non-coking) coal only. There is no separate description in the Customs documentation as regard Thermal coal/other coal. Hence the issue of short collection has been observed by Vigilance and Resident Audit observation, due to difference in interpretation. Considering the above, the Coal is brought under single classification. The port has stated that the rate proposed are uniform across all the categories of coal applying 27.7% increase over the existing wharfage rate for coal and coke handled at coal jetty at ₹38/- tonne. The port has confirmed that the impact of revenue increase due to the above modification is suitably captured in the revenue estimates. Relying on the submissions made by the VOCPT, the modification in the nomenclature of coal which is reportedly to bring in clarity and the rates proposed by VOCPT are approved.

(xxiv). The port has proposed to discontinue advalorem wharfage prescribed in the existing SOR for a few items and has proposed wharfage rate on unit basis. Wharfage rate of ₹150/- per MT is proposed for Machineries and Machinery Parts and for the remaining cargoes, 27.70% increase over the existing wharfage rate of goods otherwise not specified at ₹42.00 per MT is considered and wharfage rate proposed is ₹53.40 per MT. The specific wharfage rate proposed by port in place of advalorem rate is approved.

(xxv). The port has proposed new wharfage items vide its letter dated 13 June 2016 in respect of handling of automobile through RORO vessels at ₹500/- for handling car below 1600 CC and ₹1000/- for handling car above 1600 CC. The port has stated that the tariff proposed is based on the proposal of Chennai Port Trust (CHPT) to fix the rate for handling automobile through RO RO vessels at ₹500/- for handling car below 1600 CC and ₹1000/- for handling car above 1600 CC. It is relevant here to state that ₹500 per unit proposed in the SOR of CHPT is for two wheeler and not for four wheelers. The wharfage rates proposed for four wheelers in the SOR of CHPT approved by this Authority are as follows:

Rate in ₹

Sl. No.	Particulars	Unit of levy	Foreign	Coastal
(i).	Four wheelers of upto 1400 cc			
	(a). Import	Each	4,200	2,520
	(b). Export	Each	2,200	1,320
(ii).	Four wheelers of above 1400 cc -Import & Export	Each	8,400	5,040

Since the proposal of the VOCPT is to adopt the rate prescribed in the SOR of CHPT, the above rates for four wheelers proposed by the CHPT and approved by this Authority are prescribed in the SOR of the VOCPT also. The port has proposed a note that for vehicle with laden containers with trailer, the tariff will be collected at a composite rate covering both vehicle as prescribed and container separately at the rate prescribed separately in the wharfage Schedule. The proposed note is approved.

(xxvi). (a). The VOCPT has, in the proposed SOR, inserted a note that Vessels which call at Ports, for which IGMs and/or EGMs are filed for the purposes of Customs Act, 1962, cannot be treated as 'cargo', and they are conveyance only, and, the Ports should not charge wharfage on such vessels. This prescription is based on our letter No.TAMP/53/2002-Misc dated 25 March 2015 to all the Major Port Trusts including VPT in pursuance of the MOS letter No.PD-25021/7/2015-PD.1 dated 16 April 2015 of MOS directing to all Major Port Trusts to follow regarding wharfage charges on vessel manifested as cargo in the Import General Manifest (IGM) or Export General Manifest (EGM). This note is not incorporated in revised proposed SOR. The general note in this regard notified by this Authority in the said Order is incorporated in the revised SOR.

(b). This Authority has, vide Order No.TAMP/52/2014-Genl. dated 28 November 2014, notified the Guidelines issued by the MOS on priority berthing of coastal vessel for common adoption by all Major Port Trusts and has advised the port to suitably amend their existing SOR. Since the proposed SOR did not incorporate the guidelines on priority berthing of coastal vessels at Major Port, the VOCPT was requested to incorporate the same. Though the port has stated that these conditions are incorporated, the same are not incorporated in revised proposed SOR. The guidelines issued by the MOS and notified by this Authority in the said Order are incorporated in the revised SOR.

(c). It is relevant to state that in pursuance of Ministry of Shipping (MOS) communication vide letter No. PD/14033/101/2015-PD.V dated 3 February 2016 this Authority has passed a common adoption Order No.TAMP/14/2016-Misc dated 9 February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating. The VOCPT has not proposed lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours. The VOCPT was, therefore, requested to incorporate the same in the proposed SOR. The port has not incorporated the same despite request. The general note in this regard notified by this Authority in the said common Order is incorporated in the revised SOR.

(xxvii). The existing SOR prescribes separate charges for hire of Mobile Cranes / Fork Lift Truck /Marshall Demag Crane at Sl. No. 1 to 4 under Chapter 5, Schedule 5.03. The port has proposed deletion of these tariff citing that these equipment are not available with the Port. The proposal of the port for deletion of these tariff items are accepted.

(xxviii). The VOCPT has proposed 27.7% increase in the schedule 5.20 - Charges pertaining to use of Harbour Mobile Cranes (HMC) installed by the private operator. In this context, it is relevant to state that the existing tariff for HMC approved by this Authority is as per Order No.TAMP/22/2007-TPT dated 30 December 2009 on normative basis which was continued to be prescribed in the last general revision of SOR at the then prescribed level.

In the Tariff Policy 2015, clause 9.1. to 9.3. prescribes provision for tariff regulation of charges levied by service provider authorized by the port. The proposal filed by the VOCPT applying 27.7% tariff revision for general SOR to HMC operated by authorized service provider was not found to be in line with the said guidelines provision. That being so, VOCPT was requested to file a separate proposal for revision in the rate for HMC provided by the authorized service provider on normative basis. The port has agreed and stated that that based on review and if required proposal will be filed separately. As agreed by the VOCPT, the port is advised to examine the matter and file a proposal, if necessary, for revision in the rate for HMC following the principles followed in the December 2009 Order. Till such time, the existing performance linked rate for 100T HMC is continued to be prescribed in the existing SOR instead of deletion from the SOR proposed by the VOCPT in its revised proposed SOR.

(xxix). (a). The VOCPT has proposed a new tariff for pollution cess on Dusty Cargoes. As per clause 5.7.1 of the Working Guidelines, 2015, whenever a specific tariff for a service/ cargo is not available in the SOR, of that particular port, the concerned Major Port Trust can propose rate for new cargo/ equipment/ service adopting the tariff and performance standards, in any other Major Port Trust. If there is no rate available in any other Major Port Trust or if the rate available is not representative enough, then the port may file the proposal for new cargo/ equipment/ service with reference to optimal capacity following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment or on cost plus 16% return formula. The VOCPT was requested to clarify under which option, the rate for pollution cess on dusty cargo is proposed amongst the options prescribed in the Working Guidelines.

The port has clarified that the pollution cess on dusty cargoes is not a separate service. In order to recover the amount spent towards cleaning of wharf area and efforts to comply with Environment Management System (EMS) requirements, such pollution cess is proposed at the rate of ₹5/- per tonne on dusty cargoes. The port has stated that presently, lot of emphasis is laid on environmental issue. Hence, port has to take all measures to see that pollution is under control and at the minimum level. In this direction, pollution cess is newly proposed at ₹5/ tonne for dusty cargo. The revenue from this new item is captured in the revenue estimates. Based on the clarification furnished by the port and recognising that even after capturing on revenue of this new tariff item, the revenue estimates is well within the estimated ARR, the proposed pollution cess on dusty cargoes is approved.

(b). Tamilnadu Generation and Distribution Corporation Limited sought clarification from the port whether, Pollution cess will apply to coal handled at coal jetty I and II. The VOCPT has clarified that it will not apply. Earlier the port stated that if coal jetty I and II creates pollution, port would like to apply the proposed levy to these two coal jetties as well. So port was requested to propose suitable modification in the conditionality in the proposed SOR. Subsequently, the VOCPT has clarified coal at Coal Jetty-I and II is handled in closed conveyor system and hence the said pollution cess will not apply and hence modification in the proposed SOR does not arise.

(xxx). The point made by M/s.Coastal Mechanised Sail Vessel Owners Associations (CMSV) who operate in Zone B that the Sailing vessels do not come under jurisdiction of TAMP is not correct. It is relevant to state the statute of this Authority is to determine tariff for vessel related and cargo related services rendered by the Major Port Trusts for services listed in Section 48 of the Major Port Trusts Act. The tariff for sailing vessel is prevalent in vogue for more than a decade in last three general revision Order and falls well within the mandate given to this Authority.

(xxxi). As regard CHD as stated earlier 51.20% increase is approved as proposed by VOCPT. The proposal of the VOCPT to dispense with the pension fund levy of ₹25.10 is accepted. It is relevant to state here that as per Clause 8.4. of the Tariff Policy 2015, Major Ports shall charge only for services provided for them. No notional booking of labour and other similar notional charges is permitted. The VOCPT to comply with the said provision of the Tariff Policy 2015 issued by the Government of India.

(xxxii). The TANGEDCO vide its letter dated 27 May 2016 has requested this Authority to instruct VOCPT not to insist on collecting Pension Fund Levy of 6.5% for the period beyond 1 April 2016 without approval of this Authority as the last general revision Order stated that Pension Fund Levy @ 6.50% will cease to apply w.e.f. 1 April 2016. In this context, it is relevant to state that the VOCPT while seeking extension of validity of its Scale of Rates beyond 31 March 2016 had also requested to extend the validity of Pension Fund Levy till revised rates are notified by this Authority. In this regard, the VOCPT was vide our letter dated 11 May 2016 requested to justify the extension sought for the Pension Fund Levy of 6.5% for the period beyond 31 March 2016 while seeking extension of the validity of its SOR.

In response, the VOCPT vide its e-mail dated 12 May 2016 has furnished a statement showing deficit of ₹171.56 crores in pension fund account as on 31 March 2016. As per the statement furnished by the VOCPT, the Actuarial Valuation of pension fund as on 31 March 2016 is reported to be ₹626.68 crores whereas the actual pension fund balance on the corresponding date is reported to be ₹455.12 crores. Thus, in view of the shortfall in the pension fund balance reported by the VOCPT sought extension of pension fund levy of 6.5% as well while seeking extension of validity of its existing SOR till the revised SOR are notified by this Authority.

In view of the submission by the VOCPT, this Authority vide Order No.TAMP/47/2012-VOCPT dated 19 May 2016 while extending the validity of Scale of Rates of VOCPT also extended the validity of the Pension Fund levy of 6.5%. This is elaborately brought out in the said Order. As regards the point made by TANGEDCO about seeking their views referring to the Working Guidelines 2015, it is relevant to state that the matter was related to extension of validity of the existing Scale of Rates and not with reference to any proposal of the port under Tariff Policy, 2015. For extension of validity of the existing rates, consultation process is not required to be initiated. It is not done in any orders pertaining to extension of validity of the existing SOR of any of the Major Port Trusts/ BOT operators.

(xxxiii). As per clause 4.1. of the Tariff Policy, 2015, (i). the additional surplus assessed by this Authority in earlier tariff Orders which remains unadjusted has to be transferred by Major Port Trusts to any fund as desired by the Port Trust, and, further (ii). additional surplus, if any, accruing to the Major Port Trusts during the period of application of existing Scale of Rates till the effective date of implementation of the new Scale of Rates fixed under this policy should be assessed and transferred to the General Reserve and use the funds for the purpose of development, creation and/ or modernization of the port infrastructure facilities.

It is seen that there is no past period unadjusted surplus in the case of VOCPT as regard (i). As regard (ii) above, for the years, 2013-14, 2014-15 and 2015-16 the port has not assessed the actual net surplus/ deficit after admissible cost and 16% return, despite request. The port has merely stated that the existing SOR is lesser by 21.20% over proposed SOR, hence there shall not be any accrual of additional surplus due to extension of existing tariff till revision of revised rates. The port has not furnished cost statement to assessing additional surplus/ deficit cost position.

The port is advised to assess the net surplus / deficit after admissible cost and 16% return for the period 2013-14 to 2015-16 and also till the revised rates now approved comes into effect and the port to transfer the additional surplus, if any, as per clause 4.1. of the Tariff Policy 2015 and also report the position to this Authority within two months from the date of Order comes into effect.

(xxxiv). As per Clause 3.1. of the Tariff Policy 2015, the Major Port Trusts shall also commit Performance Standards for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port shall prescribe Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels and any other parameter which is found relevant by the Port. The VOCPT has committed Performance Standards for cargo related services in terms of average ship berth day output in tonnes / day including container handling and for vessel side services, port has proposed Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels, percentage of idle time at berth. Under any other parameters, the port has also proposed performance standards in terms of Gross Productivity in tonnes/ day for mechanized coal at CJI and II, conventional coal handling at berth no. IX, conventional coal at berth no. III and IV, coal conventional and copper concentrate handled at berth No.VIII by the Container Terminal Operator Dakshin Bharat Gateway Terminal Pvt. Ltd. (DBGTPL).

In this regard, it is relevant to mention here that the Performance Standards committed by the Port is to be considered for the operations carried out exclusively by the Port within the port premises, with its own equipment and will not be applicable to the BOT operator rendering services at the port with his equipment for whom separate performance standards have already been prescribed in the relevant Order. As regards berth No.IX which is reportedly given on License basis to IMCOLA Crane Company Private Limited (ICCPL) for deployment of HMC, the tariff of ICCPL will be governed by separate tariff approved by TAMP for deployment of HMC at VOCPT which is linked to performance norms fixed by TAMP. Hence the performance standards proposed for Berth No. IX is not included here.

Further, Berth No.VIII is given by VOCPT to DBGTPL on BOT basis for handling container. Tariff for DBGTPL will be governed by separate tariff approved by TAMP for container terminal for the said berth. Hence the performance standards proposed for Berth No.VIII also cannot form part of the Performance standards for general revision of the SOR of the port.

Further, the port has mentioned in the proposed performance standards that copper concentrate is handled at berth No.VIII by DBGTPL. It is relevant to state that for berth No.VIII, the proposal of the port was for container handling. The upfront tariff notified by this Authority is for container handling as proposed by the port. The tariff notified in the name of the operator DBGTPL is also for container handling. Tariff for operations, if any, carried out by DBGTPL for cargo other than container handling at the said berth does not have approval of this Authority.

Subject to above modification, the performance standard as proposed by the VOCPT which is found to be marginally higher than the performance standards reported to have been achieved in the year 2015-16 is prescribed along with SOR as proposed by the port.

(xxxv). As per Clause 2.8. of the Tariff Policy, 2015, SOR will be indexed annually to the inflation to the extent of 100% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January 2014 and 1 January of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Further, as per clause 3.2 of the Tariff Policy 2015 to be read with clause 2.8 of the Tariff Policy 2015, annual indexation in SOR at 100% of the WPI is applicable subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. It is relevant to state that in the instant case indexation for the year 2015-16 is already considered in the ARR and for the purpose of drawing the SOR. The next annual indexation in SOR will be applicable from 1 April 2017 subject to achievement of Performance Standards in the year 2016-17. That being so, a note is inserted in the SOR to the effect that the SOR approved by this Authority is subject to automatic annual indexation at 100% of the WPI to be announced by this Authority.

The annual indexation will be from 1 April 2017 subject to the VOCPT achieving the Performance Standards notified alongwith the SOR. If Performance Standards prescribed in the SOR are not achieved, there will be no indexation in SOR for that particular year. The Tariff Policy, 2015, stipulates that annual indexation in the SOR will be automatic subject to achievement of Performance Standards. It does not require the Major Port Trusts to approach this Authority for the same. In Order to have transparency, the port is advised to declare the Performance Standards achieved for the period 1 January to 31 December vis-à-vis the Performance Standards notified by this Authority at the level committed by the port within one month of end of the calendar year to the concerned users as well as to this Authority. If the Performance Standards as notified by this Authority are achieved by the port, then the port can automatically index the rates prescribed in this SOR at 100% of WPI announced by this Authority and apply the indexed SOR VOCPT to be intimated by the port to the concerned users and to this Authority.

(xxxvi). The validity of the existing SOR of the VOCPT was last extended till 31 August 2016 or till the effective date of implementation of the revised Scale of Rates, whichever is earlier. The port has vide its letter dated 26 August 2016 sought extension of validity of the existing SOR including pension fund levy beyond 31 August 2016 till the revised rates are notified by this Authority. The SOR has been notified on 10 October 2016 which would come into force after expiry of 30 days from the date of notification of SOR. That being so, the existing Scale of Rates including the Pension Fund levy of 6.5% and the Pension Fund Levy for CHD is deemed to have been extended from the date of expiry till the revised SOR comes into effect as sought by the port. The extension in the validity of the pension fund levy is based on the deficit position reported by the VOCPT at the time of last extension Order, as stated earlier.

(xxxvii). As per Clause 3.8. of Working Guidelines, the SOR notified shall remain valid for 3 years after expiry of 30 days from the date of notification of the Order in the Gazette of India. Therefore, and since the Tariff Policy, 2015 requires computation of tariff based on ARR on the actuals reported in the Audited Accounts for three years, the validity of the revised SOR is prescribed till 31 March 2019.

(xxxviii).(a). As per clause 8.1. of the Tariff Policy 2015, the rates prescribed in the Scale of Rates are ceiling levels; rebates and discounts are floor levels. The VOCPT may exercise the flexibility to charge lower rates and/or allow higher rebates and discounts.

(b). As stated earlier, as per Clause 2.7. the Tariff Policy 2015, it is for the VOCPT to ensure that as a result of revision in the SOR there will not be loss of traffic to the port.

(c). If there is any error apparent on the face of record, the VOCPT may approach this Authority for review of the tariff fixed, giving adequate justification/ reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.

(d). The modification proposed by VOCPT in the conditionality governing the Scale of Rates are considered for approval based on justification/ clarification furnished by VOCPT. The VOCPT may also for any justifiable reasons, approach this Authority for review of the tariff

fixed giving adequate justification/ reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.

15.1. In the result, and for the reasons give above, and based on a collective application of mind, this Authority approves the revised SOR and the Performance Standards of the VOCPT which has been notified separately. **The effective date of the revised Scale of Rates and conditionalities governing the application of revised Scale of Rates will remain the same as already indicated in the separate Order dated 17 September 2016 notifying the revised SOR and Performance Standards and shall be in force till 31 March 2019.** The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

15.2. The VOCPT has committed Performance Standard for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port has committed Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels.

15.3. The indexation of SOR as provided in Clause 2.8 of the Tariff Policy, 2015 is to be read with Clause 3.2. of Tariff Policy, 2015. If VOCPT does not fulfil the Performance Standard, the VOCPT is not eligible for indexation during the next year.

15.4. As per Clause 7.1. of the Tariff Policy 2015, Major Port Trust shall furnish to this Authority annual reports on cargo traffic, ship berth day output, average turnaround time of ships, average pre-berthing waiting time as well as the tariff realized for each of its berth. The annual reports shall be submitted by the Ports within 60 days following the end of each of the year. Any other information which is required by this Authority shall also be furnished to them from time to time.

15.5. As per Clause 4 of the Working Guidelines this Authority may publish all the information received by it from Major Port Trusts under clause 7.1. of the Tariff Policy, 2015 on its website.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

Form - 1

Computation of Annual Revenue Requirement under Tariff Policy, 2015 furnished by VOCPT for port operations (excluding Cargo Handling Division (CHD)).				
				Rs. in lakhs
Sl. No.	Description	Y1 (2011-12)	Y1 (2012-13)	Y2 (2013-2014)
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	9,081.42	9,618.80	10,479.36
(ii).	Management & general Overheads	5,221.51	5,729.93	6,816.73
(iii).	Finance and Miscellanous expenses (FME)	4,565.21	5,545.57	5,740.22
	Total Expenditure 1=(i)+(ii)+(iii)	**18,868.14**	**20,894.30**	**23,036.31**
(2).	**Less Adjustments:**			
(i).	Estate related expenses			
	(a). Operating expenses (including depreciation)	636.24	463.86	1,377.83
	(b). Allocated Management & Administrative Overheads	647.64	619.98	899.99
	(c). Allocated FME	334.39	384.23	428.09
	Subtotal 2 (i)=[(a)+(b)+(c)]	**1,618.27**	**1,468.07**	**2,705.91**
(ii).	**Interest on loans**	-	-	-
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(a).	-	-	-
	(b).	-	-	-
	(c).	-	-	-
	Subtotal 2 (iii) = [(a)+(b)+(c)]	-	-	-
(iv).	**4/5th of the Contribution to the Pension Fund**	1,300.97	640.00	1,720.00
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	1,804.84	2,008.71	2,837.17
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	58.54	58.83	76.05
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	58.54	58.83	76.05
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	4,782.62	4,175.61	7,339.13
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	**14,085.52**	**16,718.69**	**15,697.19**
(4).	Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3			**15,500.46**
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		88,644.92	
	(ii). Add:Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)		9,980.39	
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.		650.69	
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts. (VII Berth Rs.2637.70 Lakhs + VIII Berth Rs.2375.04 Lakhs+ NCB-1 1732.05)		6,744.79	
	(v). Less : Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.			-
	(vi). Add : Working Capital as per norms prescribed in **clause 2.5.** of the Working Guidelines			
	(a). Inventory		257.19	
	(b). Sundry Debtors		228.39	
	(c). Cash		1,534.78	
	(d). Sum of (a)+(b)+(c)		2,020.35	
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]		93,250.18	
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**			**14,920.03**
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**			**30,420.49**
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**			**32,245.72**
(9).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (7*1.0382)**			**33,477.51**
(10).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**33,477.51**
	Less: Balance available under Escrow A/c as on 31.3.2014			**5,637.03**
	Net ARR			**27,840.48**
(11).	**Revenue Estimation at the Proposed indexed SOR by VOCPT within the Ceiling indexed ARR .**			**27,840.87**

Annex - II

Computation of Annual Revenue Requirement under Tariff Policy 2015 furnished by VOCPT and Modified by TAMP for Port operation excluding CHD				
				₹ in lakhs
Sr. No.	**Description**	**Y-1 (Actuals) 2011-12**	**Y-2 (Actuals) 2012-13**	**Y-3 (Actuals) 2013-14**
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	9,081.42	9,618.80	10,479.36
(ii).	Management & general Overheads	5,221.51	5,729.93	6,816.73
(iii).	Finance and Miscellanous expenses (FME)	4,565.21	5,545.57	5,740.22
	Total Expenditure 1=(i)+(ii)+(iii)	**18,868.14**	**20,894.30**	**23,036.31**
(2).	**Less Adjustments:**			
(i).	Estate related expenses			
	(a). Operating expenses (including depreciation)	636.24	463.86	1,377.83
	(b). Allocated Management & Administrative Overheads	647.64	619.98	899.99
	(c). Allocated FME	334.39	384.23	428.09
	Subtotal 2 (i)=[(a)+(b)+(c)]	**1,618.27**	**1,468.07**	**2,705.91**
(ii).	**Interest on loans**	-	-	-
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(a).	-	-	-
	(b).	-	-	-
	(c).	-	-	-
	Subtotal 2 (iii) = [(a)+(b)+(c)]	-	-	-
(iv).	**4/5th of the Contribution to the Pension Fund**	1,300.97	640.00	1,720.00
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	833.53	1,206.35	1,849.00
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	58.54	58.83	76.05
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	58.54	58.83	76.05
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	3,811.31	3,373.25	6,350.96
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	**15,056.83**	**17,521.06**	**16,685.35**
(4).	Average Expenses of SI. No. 3 = [Y1 + Y2 + Y3] / 3			**16,421.08**
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		88,644.92	
	(ii). Add:Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)		9,980.39	
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.		650.69	
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts. (VII Berth Rs.2637.70 Lakhs + VIII Berth Rs.2375.04 Lakhs+ NCB-1 1732.05)		6,744.79	
	(v). Less : Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.			-
	(vi). Add : Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines			
	(a). Inventory			257.19
	(b). Sundry Debtors			228.39
	(c). Cash			1,534.78
	(d). Sum of (a)+(b)+(c)			2,020.35
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]			**93,250.18**
(6).	**Return on Capital Employed 16% on SI. No. 5(vii)**			**14,920.03**
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**			**31,341.11**
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**			**33,221.57**
(9).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (7*1.0382)**			**34,490.64**
(10).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**34,490.64**
(11).	**Revenue estimated by VOCPT at proposed SOR within the Ceiling indexed ARR.**			**27,840.87**

Annex - III

Form - 1 (CHD)

Sl. No.	Description	Y1 (2011-12)	Y1 (2012-13)	Y2 (2013-2014)
	Computation of Annual Revenue Requirement under Tariff Policy, 2015 furnished by VOCPT for Cargo Handling Division (CHD)			
				Rs. in lakhs
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	5,165.96	5,753.90	5,845.41
(ii).	Management & general Overheads	-	-	-
(iii).	Finance and Miscellanous expenses (FME) as per Accounts	1,999.90	1,353.06	1,119.98
(iv).	Less: Contribution to Pension Fund	354.00	294.98	-
(v).	Balance F & M Expenditure	1,645.90	1,058.08	1,119.98
(vi).	Add: Pension Fund shortfall in the opening	6,281.76	10,720.69	21,136.00
	Total Expenditure 1=(i)+(ii)+(v)+(vi)	**13,093.62**	**17,532.67**	**28,101.39**
(2).	**Less Adjustments:**			
(i).	Estate related expenses			
	(a). Operating expenses (including depreciation)	-	-	-
	(b). Allocated Management & Administrative Overheads	-	-	-
	(c). Allocated FME	-	-	-
	Subtotal 2 (i)=[(a)+(b)+(c)]	-	-	-
(ii).	**Interest on loans**	-	-	-
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(A).Payment of Wage revision arrears	-		
	(B). Arrears of Pension/Commutation of Pension	-		
	(C). Arrears of Gratuity	-		-
	Subtotal 2 (iii) = [(a)+(b)+(c)]	-	-	-
(iv).	**4/5th of the Contribution to the Pension Fund**	5,025.41	8,576.55	16,908.80
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	-	-	-
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	-	-	-
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	**5,025.41**	**8,576.55**	**16,908.80**
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	**8,068.21**	**8,956.12**	**11,192.59**
(4).	Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3			**9,405.64**
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		7.77	
	(ii). Add:Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)			-
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.			-
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts.			-
	(v). Less : Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.			-
	(vi). Add : Working Capital as per norms prescribed in **clause 2.5.** of the Working Guidelines			
	(a). Inventory			-
	(b). Sundry Debtors			-
	(c). Cash		580.38	
	(d). Sum of (a)+(b)+(c)		580.38	
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]		**588.15**	
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**			**94.10**
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**			**9,499.74**
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**			**10,069.73**
(9).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (8*1.0382)**			**10,454.39**
(10).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**10,454.39**
(11).	**Revenue Estimation by VOCPT at the Proposed rates for CHD within the Ceiling indexed ARR.**			**10,454.39**

Annex - IV

Sr. No.	Description	Y-1 (Actuals) 2011-12	Y-2 (Actuals) 2012-13	Y-3 (Actuals) 2013-14
	Computation of Annual Revenue Requirement under Tariff Policy, 2015 furnished by VOCPT for Cargo Handling Division and considered by TAMP			
				₹ in lakhs
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating expenses (including depreciation)	5,165.96	5,753.90	5,845.41
(ii).	Management & general Overheads	-	-	-
(iii).	Finance and Miscellanous expenses (FME) as per Accounts	1,999.90	1,353.06	1,119.98
	Total Expenditure 1=(i)+(ii)+(iii)	7,165.86	7,106.96	6,965.39
(2).	**Less Adjustments:**			
(i).	Estate related expenses			
	(a). Operating expenses (including depreciation)	-	-	-
	(b). Allocated Management & Administrative Overheads	-	-	-
	(c). Allocated FME	-	-	-
	Subtotal 2 (i)=[(a)+(b)+(c)]	-	-	-
(ii).	**Interest on loans**	-	-	-
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(a).Payment of Wage revision arrears	-	-	-
	(b). Arrears of Pension/Commutation of Pension	-	-	-
	(c). Arrears of Gratuity	-	-	-
	Subtotal 2 (iii) = [(a)+(b)+(c)]	-	-	-
(iv).	**4/5th of the Contribution to the Pension Fund**	283.20	235.98	-
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	-	-	-
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	-	-	-
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	283.20	235.98	-
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	**6,882.66**	**6,870.98**	**6,965.39**
(4).	Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3			**6,906.34**
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)			7.77
	(ii). Add:Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)			-
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.			-
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts.			-
	(v). Less : Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.			-
	(vi). Add : Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines			
	(a). Inventory			-
	(b). Sundry Debtors			-
	(c). Cash			580.38
	(d). Sum of (a)+(b)+(c)			580.38
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]			588.15
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**			94.10
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**			**7,000.45**
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**			**7,420.47**
(9).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (8*1.0382)**			**7,703.93**
(10).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**7,703.93**
(11).	**Revenue Estimated by VOCPT and considered by TAMP (see note)**			**10,454.39**
	Note: Revenue Estimated by VOCPT at proposed increase of 51.20% is ₹10,454.39 lakhs. The same is considered by the Authority taking into consideration that revenue shortfall for the port as a whole. The overall ARR for the port as whole is ₹42,195.57 lakhs (i.e. ₹34,490.64 lakhs for Port + ₹7,703.93 lakhs from CHD). Revenue estimates from the port operation assessed by VOCPT is at ₹27,840.84 lakhs leaving a gap of ₹14,353.70 lakhs. Revenue at proposed tariff for CHD at 51.20% is ₹10,454.39 lakhs is within the overall ceiling indexed ARR for the Port as a whole.			

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

F.No. TAMP/29/2016-VOCPT - Proposal received from the V.O. Chidambaranar Port Trust for general revision of its Scale of Rates.

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

<table>
<tr><th>Sl. No.</th><th>Comments of the users / user organisations</th><th>Reply furnished by VOCPT</th></tr>
<tr><td>1.</td><td>Hari & Co.</td><td></td></tr>
<tr><td>(i).</td><td>Please propose the Discharging/ Loading norms based of the no. of hooks available/ Cargo available/ to load, in number of hatches on pro-rata basis.</td><td rowspan="4">Considering the Port users request, the port has revised the norms based on the three years average for each cargo by taking the total tonnage handled during the past 3 years divided by the number of hooks engaged for each cargo. The average per hook tonnage has been multiplied by three hooks as shift tonnage and further multiplied for three shifts so as to arrive at days tonnage to be handled. The said average is based on present method of handling and the minimum is only 75% of said per day tonnage.</td></tr>
<tr><td>(ii).</td><td>General Cargo are different in volume, weight and dimensions. There will not be any assured load rate to compensate proposed norms.

For Example : Eggs, Water Tanks, PVC Pipes, PP Bags etc., which are weightless and are different in volume and are handled manually with great care to avoid damage.</td></tr>
<tr><td>(iii).</td><td>Lime Stones are bigger in size. Due to its bigger size, the grabs cannot collect the cargo from the Hatches as compared to the smaller size limestone. Hence we request to please differentiate the same in the proposed norms.</td></tr>
<tr><td>(iv).</td><td>The practical and possible Loading / Discharging rate is available in the attachment for perusal.</td></tr>
<tr><td>2.</td><td>Tuticorin Ship Agents Association</td><td></td></tr>
<tr><td>(i).</td><td>In view of the fall in economic conditions and global competition the exim community is not in a position to absorb any increase as it will affect their trade. So we request to continue the existing SOR. Meantime, we also request to dispense with the pension levy as it has fulfilled the requirements, which will help the trade to a great extent.</td><td>The revision is proposed considering the Annual Revenue Requirement of the Port with respect to TAMP Guidelines. Considering that no upward revision of SOR is made since 2002, except for restatement of coastal rates in 2005, the increase proposed is justified. Pension fund levy is proposed to be dispensed with as per 2015 Guidelines.</td></tr>
<tr><td>(ii).</td><td>Performance Standards (Form 6):

<table>
<tr><th>S. No.</th><th>Performance parameters</th><th>Proposed by TAMP</th><th>Proposed by TSAA</th></tr>
<tr><td>10</td><td>Garnet Sand in Bulk</td><td>6000 MTs.</td><td>4000 MTs.(Cargo is weightless.</td></tr>
<tr><td>16</td><td>Ilmenite in Bulk</td><td>8000 MTs</td><td>6000 MTs.</td></tr>
<tr><td>36</td><td>Stone Aggregate</td><td>2400 MTs</td><td>2000 MTs.</td></tr>
<tr><td>37</td><td>Stone Dust</td><td>2475 MTs</td><td>2000 MTs.</td></tr>
<tr><td>38</td><td>Rough Stone</td><td>3900 MTs</td><td>1500 MTs.</td></tr>
</table></td><td>The productivity norms for each cargo proposed by the Port has been derived from the actual of the last three years tonnage handled and taking into the account of existing infrastructure facilities available in the Port. The Ship Agents Association vide their letter dated 18 December 2015 requested the Port to revisit the norms stating that the newly revised norms are very high which may not be achieved by them.

After discussion with the representatives of the Ship Agent's Association and with the</td></tr>
</table>

		representative, who handled the above said cargoes, the Port has revised the norms for Garnet Sand and Ilmenite sand. Now the request is still to reduce the norm below This request is not justifiable. In respect of other cargoes, however the per hook output will be taken into account based on the capacity of the vessel and the norm will be fixed on case to case basis.
(iii).	The port volume has grown by 13% and is likely to grow another 10% to 12% this year also. The additional traffic will augment further revenue. So in order to promote the trade a reduction in the wharfage and levy may be considered favourably.	Reply as per Sl. No.1 above.
3.	**MACSONS Shipping Agencies Pvt. Ltd.**	
(i).	Although the discharge rate norms quoted for various cargoes by and large appears reasonable we are of the opinion that the norm which has been prescribed for copper concentrate cargo seem impractical and not so realistic. As matter of fact, when compared to the discharge operation of other cargoes, discharge of copper concentrate is affected by a range of uncertainties which fails to provide the much needed level playing ground at tuticorin port as far as discharge rate is concerned. We have listed down some of the key influencing factors for your kind perusal below:	Considering the port users request, the port has revised the norms based on the three years average for each cargo by taking the total tonnage handled during the past 3 years divided by the number of hooks engaged for each cargo. The average per hook tonnage has been multiplied by three hooks as shift tonnage and further multiplied for three shifts so as to arrive at days tonnage to be handled. The said average is based on present method of handling and the minimum is only 75% of said per day tonnage. Hence, the request of reducing the discharge norms for Copper, Rock Phosphate and Peas / Wheat may not be considered further.
(ii).	Prohibition of cargo dumping on the wharf is a major factor that affects the cargo discharge rate of copper concentrate adversely.	
	(a). The proposed discharge rate for copper concentrate is so generalized that all vessels are expected to discharge a quantity of 6750 tons regardless of the number of laden hatches they possess. Therefore, it would be unfair to expect a vessel which possess cargo in 2 hatches **to** match the discharge rate of a vessel possessing cargo in all 5 hatches	
	(b). As a matter of fact many of the load ports from where copper concentrate cargo gets shipped are able to accommodate only small vessels (having two hatches) on account of the draft restrictions at their respective berths. And that's the reason why only small packages of copper concentrate (10000 tons) could be often seen at tuticorin port.	
(iii).	Besides, as the cargo being discharged through hoppers the discharge rate on any given day is heavily influenced by the consistency in the availability of trucks to help move the discharged cargo out of port. Well providing a seamless queue of trucks for every hoppers is quite a challenge since the movement of laden trucks outside the port premises is largely governed by the traffic congestion, road diversions, etc. on any given day. Therefore we hereby request to take the above into consideration and have the performance standard	

	set for the Copper concentrate cargo amended by lowering it further to realistic levels.	
4.	**Tuticorin Stevedores Association**	
(i).	Item (b) the decrease in the levy by ₹1.53/- PMT for the cargoes except coal jetty II and salt is not sufficient considering the increase in the productivity and revenue of the Port by 13% and hence the levy should be decreased to that extent.	The revision is proposed considering the Annual Revenue Requirement of the Port with respect to TAMP Guidelines. Considering CHD has no surplus funds, and there is a shortfall of ₹371.33 crs as on 31 March 2016 in the pension and gratuity funds, the rates proposed are justified.
(ii).	As far as the discharge norms are concerned the discharge norms for copper concentrate and Rock Phosphate must be reduced to 6000 MT as copper concentrate is being discharged by Hoppers as per environmental regulations and Rock phosphate discharge also has to be regulated to avoid contamination with coal dust and particles as otherwise, contaminated Rock phosphate causes safety hazards in the fertilizer and phosphoric acid plant. So also the discharge norms of Peas / Wheat has to be reduced to 4000 MT as pulses are clean cargoes for human consumption and has to be discharged maximum direct into Trucks to prevent contamination while discharging at wharf and the discharges has to be regulated.	Considering the port users request, the port has revised the norms based on the three years average for each cargo by taking the total tonnage handled during the past 3 years divided by the number of hooks engaged for each cargo. The average per hook tonnage has been multiplied by three hooks as shift tonnage and further multiplied for three shifts so as to arrive at day tonnage to be handled. The said average is based on present method of handing and the minimum is only 75% of said quantity arrived per day.
(iii).	The penalty proposed to be imposed for discharging coal less than the productivity quantum fixed for coal for 3rd and 4th Berths of VOC and for IX Berth, it practically depends on the availability of discharges space at Berth and evacuation of previous vessel cargoes occupying the Berth that may hinder the quantum of discharge of coal vessels at VOC 3rd, 4th and IX Berths. As such, it is suggested that the penalty leviable for discharging less than the productivity norms must be reduced to extra one time Berth hire for vessel exceeding the stay period calculated for the discharges norms of 12000 MT and for less than the discharge norms of 10,500 MT it can be imposed at 2 times of Berth hire stay. As far as Rebate for productivity is it can be calculated on the same basis for the Berth hire saved but the benefit must pass on to the Handling Agents as the Handlings sole efforts contribute to productivity and less stay of vessel in the Berth and not due to the effort of vessel agent. Further, a Rebate in the Wharfage at 100% of the Wharfage payable for the particular cargo must given to the consignee / Importer or their agents as an incentive for increase in the productivity ensured by the Handling Agents and this incentive will enthuse the Importers to bring in more vessels for discharge at VOC Port.	As per the BCG recommendations, the erection of conveyor system for evacuation of coal at Berth IX is under process and a proposal for erection of 2 number of HMC cranes at Berth III & IV respectively are also under process. Further, it is also to inform that for the purpose of imposing penalty and giving rebate, the output norms is reduced to 75% of the revised norm. In case of any vessel is not achieving the output norm and the achievement is less than 75% penalty in berth hire charges will be @ 50% additional on the extra berth time taken by the ship at the berth. If the output achieved is still less than 50% of the output norm, the penalty will be @ 75% additional the berth hire for the extra time taken by the ship at the berth. For the purpose of considering the rebate in berth hire, the output norm is taken for two level. If the vessel achieves an average output above 125% of the output norm, rebate will be given @ 10% of the total berth hours of the vessel at the Port. If the average

		output is 150% and above the fixed norm, a rebate of 20% of the berth hire will be given. Hence the suggestion for revision of discharge norms at Beth III, IV & IX may not be considered for imposing of penalty for non achieving the output and rebate for achieving the output beyond the specified norms.
(iv).	The TRF Grab crane hire rate must be maintained at status quo of ₹10,262/- per shift as any increase in the Hire rate is not justifiable as the TRF Grab crane has exceeded its life expectancy and several times it goes out of order. Further any undue increase to ₹12,305/- would cause cost overturns and both consignee and importer would be allergic to engage TRF Grab crane to increase productivity unless it result in absolute necessity. In case of any break down or power shutdown or not operational in extreme wind force that prevails sometimes in VOC Port, the down time hire must be calculated on hourly basis and must be arranged to be refunded in order to increase the usage of TRF Grab crane as a feasible option for encouragement for engagement The above suggestions would be considered as an encouragement for increase in the productivity of the Port and to attract more volume of cargo to the Port.	The rate increase proposed is with respect to the Annual Revenue Requirement of the Port as per the TAMP Guidelines. Further, as stated the TRF Grab crane is having a life of 20 years of which only 13 years are over. Balance life is seven years. Therefore, there is no justification for reduction of the rate proposed.

2. A joint hearing in this case was held on 11 July 2016 at the VOCPT premises. The VOCPT made a brief presentation of its proposal. At the joint hearing, the VOCPT and the concerned users/ user organizations have made the following submissions:

V.O. Chidambaranar Port Trust (VOCPT)

(i). Port has huge commitment to the tune of ₹1,400 crores for dredging for increasing the draft at the port. Further, any infrastructure development in the port is to be funded by port. Port does not get any funding from the Government.

(ii). We also have pension liability to be met. Port has to take steps for pollution control.

(iii). During last general revision, no increase in tariff was granted except for pension fund levy of 6.5%. Even the capital dredging levy was done away with.

(iv). In the current proposal for revision of rates, the ARR is arrived based on the Audited Accounts and after considering the adjustments as prescribed in the Tariff Policy, 2015 and Working Guidelines.

(v). Total ceiling indexed ARR is estimated at ₹334.78 crores. Since we find the ARR to be high, we have proposed to use balance in Escrow Account as on 31 March 2014 to the tune of ₹56.37 crores towards the estimated ARR. Thus, the final ARR considered is ₹278.40 crores.

(vi). We have proposed uniform increase of 27.70% in all tariff items. Existing Pension Fund levy of 6.5% is dispensed with. Considering this, net increase comes to 21.20%.

(vii). Uniform wharfage rate is proposed for coal cargo by whatever name described in the Customs Document.

(viii). Ad valorem wharfage rate for a few items is replaced with specific rate on per unit basis.

(ix). Cargo wise Output norms are proposed. Penal provisions are proposed for productivity level below the proposed output norms. Likewise, rebates are proposed for achievement exceeding the proposed output norms.

(x). Cargo-wise productivity norms proposed are based on guidelines issued by Ministry. Hence, we are not in a position to modify it as suggested by few users.

(xi). Presently, lot of emphasis is laid on environmental issue. We should take all measures to see that pollution is under control and at the minimum level. In this direction, pollution cess is newly proposed at ₹5/ tonne for dusty cargo.

(xii). For CHD, we have estimated the ARR separately.

(xiii). Based on the estimated ARR for CHD, 51.20% increase is proposed in CHD levy. The existing Pension Fund levy of ₹25.10/ Tonne for CHD is, however, proposed to be dispensed with as per the Working Guidelines. Considering the dispensation of existing Pension Fund levy, it will result in minor increase of 3.18% in the existing CHD tariff for salt. For other cargo items it will result in reduction by 7.82% for coal at coal jetty-II, 1.53% for cargo other coal at coal jetty II and salt and 11.43% reduction in C&F operations at transit shed and warehouse and for Zone B.

(xiv). We are now benchmarking to reach international standards. Some fine tuning will be required in the productivity norms. We will do it and send it to TAMP.

(xv). Tariff Policy, 2015 caps Management and General Administration Overheads (MGAO) at 25% of operating expenses in the estimate of ARR. Every port has different method for accounting items under MGAO. Some of the expenses like CISF, Inspection related expenses, IT related expenses are captured under MGAO by us but they are relevant for all the activities. The impact of 25% ceiling is ₹22 crores per annum to the port. Hence, MGAO excluded from ARR may have to be re-examined. We request TAMP to look into this.

(xvi). We are trying our best to see tariff increase is not steep. The proposed increase is required to meet the commitment of the port to improve the infrastructure of the port.

(xvii). One day berth hire as amendment charge is removed. It is now proposed at ₹5,000 per amendment at the request of the users.

(xviii). Fine tuning of certain items of Performance Standards is required as requested by the users. We will review.

Tuticorin Ship Agents' Association

(i). We have already given our comments earlier.

(ii). In view of present global scenario, we oppose any increase in tariff.

Tuticorin Custom House Agents Association

(i). Timing of increase in tariff is not correct due to global scenario. Port has proposed uniform wharfage rate for thermal coal both for foreign/ coastal. Some concession should be given to coastal thermal coal.

Sterlite Industries Limited

(i). Uniform rate is proposed for coal handled at coal jetty and for common user. There should be distinction based on difference in facilities for coal handling.

M/s.Coastal Mechanised Sail Vessel Owners Associations

(i). We operate from Zone B. Sailing vessels do not come under jurisdiction of TAMP. Last time we accepted the revision in the rates.

(ii). Sailing vessel have business only for six to eight months. We cannot sustain the proposed increase. Status quo may be maintained. There is no infrastructure at Zone B.

[VOCPT: The cargo handled by Sailing vessel is at Zone B]

(iii). Zone A and Zone B are different. They are not comparable. Zone B cannot bear the proposed increase. We do not accept the proposed revision.

Tamilnadu Generation and Distribution Corporation Limited

(i). Increase proposed in wharfage rate of coal will add burden on us to the extent of ₹5.20 crores per annum. Further, vessel related charges are also proposed for increase. At proposed increase our cost will go up. Being a Government organisation we cannot pass on the burden to consumer.

(ii). TAMP is requested to maintain the existing wharfage rate.

(iii). Port to clarify will Pollution cess apply coal at Coal Jetty I and II ?

[VOCPT: Pollution cess will not apply to coal handled at coal jetty I and II. However, port should have the liberty to levy pollution cess if coal jetty I and II create pollution.]

3. A summary of the written submissions made by users / user organizations at the joint hearing and the reply furnished by VOCPT thereon is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Written submissions</th><th>Reply furnished by VOCPT</th></tr>
<tr><td>1.</td><td>DCW Limited</td><td></td></tr>
<tr><td>(i).</td><td>Totally under unfavourable trading conditions, the Indian industry is struggling almost for the last 3 to 4 years. While the manufacturer has no control over the spiraling cost all round including labour, there is continued downward trend in the cost of end products. In fact if at all the manufacturer wants to keep his unit running, he should be either prepared to make a perpetual sacrifice by absorbing the continued cash loss or if he is little fortunate enough he should be able to make a “no loss no profit” business. One can very well understand the predicament in which the Indian industry is now struggling for its survival.</td><td rowspan="2">All the submissions furnished by M/s.DCW Limited is outside the purview of revision of Scale of Rates.

As the proportion of per tonne handling cost on the FOB value of the cargo handled in a vessel is less than 1% as detailed in the under mentioned table, the contention of enhancing the Port charges by 21.20% over the existing tariff leads to functioning of the industry become economically unviable is not acceptable.

<table><tr><th>Sl. No.</th><th>Description</th><th>Amount</th></tr></table></td></tr>
<tr><td>(ii).</td><td>With the globalization of trade and industry over the last few years the Indian market is flooded</td></tr>
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<tr><td></td><td>with imported materials which are cheaper and better in quality due to their own advantageous higher level of play field. It is a well known fact that in foreign countries the cost of power, cost of finance (i.e. interest) are in a very very favourable climate which can never be equaled by Indian industry. These major factors are very much proving to be deter rant factors for the indigenous products to fight against the invasion of imported products.</td><td><table>
<tr><td>1</td><td>Total vessel related charges paid</td><td>1,94,559</td></tr>
<tr><td>2</td><td>Cargo charges paid</td><td>1,81,050</td></tr>
<tr><td>3</td><td>Total handling charges</td><td>3,75,609</td></tr>
<tr><td>4</td><td>Tonnage handled in the vessel</td><td>2,000</td></tr>
<tr><td>5</td><td>Handling cost per tonne (3/4)</td><td>187.80</td></tr>
<tr><td>6</td><td>The FOB value for the above cargo</td><td>8,58,36,870</td></tr>
<tr><td>7</td><td>Purchase value per tonne (6/4)</td><td>42,918</td></tr>
<tr><td>8</td><td>% of cost of handling paid to Port (5/7)</td><td>0.44%</td></tr>
</table></td></tr>
<tr><td>(iii).</td><td>Moreover, the industrially advanced countries, infact hold the international market in their palm and regulate the sluice in their own way with an eye to decimate the market potentiality of the developing countries like India.</td><td></td></tr>
<tr><td>(iv).</td><td>In short, 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 of increase in the cost of products at present.</td><td></td></tr>
<tr><td>(v).</td><td>In this situation given above what the Industries expected from the State and 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.</td><td></td></tr>
<tr><td>(vi).</td><td>Indian Industry is very much burdened after introduced Service tax on all services including port activities from 2014 and increased by year to year, and in addition to this now port proposed to hike on tariffs rates and sent to TAMP for approval which is very much burden to the industry and its survival. With the total depressed market conditions even if the manufacturer reluctantly accepts such a huge hike, you will agree that in the normal course it has to necessarily pass on the same only to the ultimate customer. Taking into consideration the present market condition we can even venture to say there will be no takers for indigenous products and the entire domestic market will grind to a halt. In other wards there will be a total catastrophy of the trade, industry and commerce in India.</td><td></td></tr>
<tr><td>(vii).</td><td>Already with a view to survive in the market, the Indian industry has undergone all the rigorous exercises like reduction of labour, cutting down the unwanted costs to reduce costs of production. Inspite of all these, there is no appreciable improvement in the situation.</td><td></td></tr>
<tr><td>(viii).</td><td>Now, Tuticorin port is developed to the level of major ports and can implement mechanised operations and by way of that port can earn more revenue and share in dispatch money offered by the ship owners instead of incurring demurrages by the charterers due to slow load/</td><td></td></tr>
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<tr><td></td><td>discharge rate.</td><td rowspan="4"></td></tr>
<tr><td>(ix).</td><td>Whatever amount proposed to increase in berth hire, pilotage etc. on ship’s expenses will be charged to importer/ exporter by way of freight, hence the entire burden will fall down on importer or exporter which is very very difficult to bear by the industry in now a days position.</td></tr>
<tr><td>(x).</td><td>Kindly take cognizance of the bare realities of the Indian Industry which is already struggling for its existence. In addition, any fresh imports on it will further dampen the spirit of commerce and industry and all the manufacturing units will be laid in a tight spot and the functioning itself will become economically unviable.</td></tr>
<tr><td>(xi).</td><td>As we are prestigious major associate of Tuticorin Port Trust right from its inception in 1960s we are happy to see ourselves the progress and fast development bringing a substantial revenue to the Government of India and we are very confident that there won’t be any situation for the port to face any financial crunch.</td></tr>
<tr><td>(xii).</td><td>Taking into consideration all these factors, we earnestly appeal that the Tariff Authority may keep in abeyance the proposed further increase in the scale of rates suggested by Tuticorin Port Trust atleast for the next two years and thereafter weighing the pros and cons then prevailing for a suitable decision may be taken.</td><td></td></tr>
<tr><td>2.</td><td>Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO)</td><td></td></tr>
<tr><td>(i).</td><td>If the above tariff rise is implemented the additional financial burden on TANGEDCO would be around ₹5.54 crores/ annum (i.e.) approx. ₹9.80/- per MT.</td><td rowspan="3">As the proportion of per tonne handling cost on the FOB value of the coal handled in a vessel is less than 4% as detailed in the under mentioned table, the contention of enhancing the Port charges by 21.20% over the existing tariff leads to affect the consumers adversely is not acceptable.
<table>
<tr><th>Sl. No.</th><th>Description</th><th>Amount</th></tr>
<tr><td>1</td><td>Total vessel related charges paid</td><td>11,12,680</td></tr>
<tr><td>2</td><td>Cargo charges paid</td><td>16,73,556</td></tr>
<tr><td>3</td><td>Total handling charges</td><td>27,86,236</td></tr>
<tr><td>4</td><td>Tonnage handled in the vessel</td><td>41,353</td></tr>
<tr><td>5</td><td>Handling cost per tonne (3/4)</td><td>67.38</td></tr>
<tr><td>6</td><td>The FOB value for the above cargo</td><td>7,84,30,983</td></tr>
<tr><td>7</td><td>Purchase value per tonne (6/4)</td><td>1,897</td></tr>
<tr><td>8</td><td>% of cost of handling paid to Port (5/7)</td><td>3.55%</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>As TANGEDCO is already facing financial crisis and as a result of increase in handling charges at VOC Port Trust the cost of generation of power also goes up consequently affecting the consumers adversely.</td></tr>
<tr><td>(iii).</td><td>In view of the above, TAMP is hereby requested to maintain the present Scale of Rates for cargo related charges (Wharfage) and vessel related charges at CJ1 and CJ2 of VOC Port for TANGEDCO’s Thermal Coal to TTPS.</td></tr>
<tr><td>3.</td><td>Tuticorin Sailing Vessel Owners’ Association</td><td></td></tr>
<tr><td></td><td>We very much regret to inform that it is proposed to increase the idle berth hire charges for sailing vessels berthed at zone ‘B’ during idle season period from ₹100/- per sailing vessels per day to ₹190/- per sailing vessels per day.

The sailing vessel industry is already suffering for want of financial assistance in regard to its</td><td>The contention of enhancing the idle berth hire charges from ₹100/- per day to ₹190/- per day per vessel is not correct. The increase proposed to the TAMP is only 27.70% on the existing tariff as detailed below:-

<u>During lean period (May to October)</u></td></tr>
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<td>development and maintenance on which are dependant thousands of poor downtrodden families of seafaring community who are struggling for their daily one day meals especially during off season idle period.

Under such circumstances enhancing the idle berth hire charges from ₹100/- per day to ₹190/- per day per vessel would further cause extreme hardship to the poor seafaring community of coastal area whose livelihood is already under strain.

The number of sailing vessel based at Tuticorin would be hardly 25 to 30 nos. And increasing the daily idle berth hire charges to ₹190/- per day from the existing rate of ₹100/- per day may not contribute much to the revenue of the Port whereas this increase in the idle berth hire would adversely affect the sailing vessel industry. Already the industry is suffering due to tough competition in the carriage of goods by containers to Srilanka.

In order to encourage this coastal sailing vessels industry, the MOS of Govt. of India has decided to bring Sailing Vessels Industry under the “SAGAR MALA” project in order to encourage coastal shipping trade and the Director General of Shipping has proposed to organize a meet for the up liftment of this industry under the patronship of Hon’ble Minister for Shipping Shri.Nitin Gadkari shortly at New Delhi.

In this connection, we also request your goodself to consider our request to defer increasing the idle berth hire charges to ₹190/- per day from the old rate of ₹100/- per day as Sailing Vessels is a potentially employment oriented industry for the poor seafaring community.</td>
<td>
<table>
<tr><th>Description</th><th>Unit</th><th>Existing Rate</th><th>Proposed Rate</th><th>% of increase</th></tr>
<tr><td>Foreign</td><td>Per GRT per hour or part thereof</td><td>0.0062</td><td>0.0079</td><td>27.42%</td></tr>
<tr><td>Coastal</td><td>Per GRT per hour or part thereof</td><td>0.0002</td><td>0.0003</td><td>27.70%</td></tr>
</table>

It is also submitted to the Authority that the concession already given based on discussion earlier for lean period (May to October) and in existence takes care of the requirements. Hence, the request is not acceptable.</td>
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