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Tariff Authority for Major Ports

G No. 146 **New Delhi,** **29 August 2008**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes the proposal received from the Tuticorin Port Trust (TPT) for fixation of charges for supply of labour by Tuticorin Port Trust Cargo Handling Labour Pool for cargo handling operations as in the Order appended hereto.

(Brahm Dutt)
Chairman

Tariff Authority for Major Ports
Case No. TAMP/17/2006 - TPT

Tuticorin Port Trust - - - **Applicant**

O R D E R
(Passed on this 14th day of July 2008)

This case relates to a proposal received from the Tuticorin Port Trust (TPT) for fixation of charges for supply of labour by Tuticorin Port Trust Cargo Handling Labour Pool for cargo handling operations.

2. While revising the Scale of Rates of the TPT in September 2002, this Authority had held that if the members of the Labour Pool administered by the port trust are treated as port employees, the charges leviable for supply therefrom for cargo handling operations are to be fixed by this Authority. The TPT was, therefore, advised to examine the issue and file a suitable proposal to regulate cargo handling workers levy within six months time.

3.1. In this backdrop, the TPT has filed the instant proposal. The main points made by the TPT are as follows:

(i). The Tuticorin Port Trust Cargo Handling Labour Pool (TPTCHLP) is a scheme formed vide Memorandum of Settlement dated 22 December 1999 under Section 12 (3) of the Industrial Disputes Act, 1947 between the TPT and five unions representing the cargo-handling workers and staff of erstwhile Tuticorin Stevedores Association (Labour Pool). The scheme manages 1252 cargo handling workers and staff involved in relation to the cargo handling activities at Tuticorin port.

(ii). As per the Memorandum of Settlement, the TPTCHLP supplies labourers to various stevedore agents for handling cargo.

(iii). The following charges are collected for labour deployed from TPTCHLP for cargo handling operations in coal jetty II, general cargo berths viz. VOC 1 to 4, Additional berth I and II, 8th berth and shallow water berth:

(a). Time rate wages based on the actual pay and dearness allowance of the employees as per norms subject to changes in DA points every quarter.

(b). Piece-rate wages based on the datum fixed.

(c). Night waiting allowance as per the actual deployment of labour during the night shifts.

(d). Cargo levy on per tonne basis is collected on the cargo handled to meet the expenditure on statutory commitments like medical facilities, provision of uniforms, safety materials, pension and gratuity payments, welfare expenditure towards employees and also administrative expenses for office administration and other overheads.

(iv). The charges for supply of labourers for cargo handling activities are fixed by the TPT in consultation with the port users in Levy Finance Committee Meeting.

(v). The current levy structure is as follows:

Sl. No.	Description	Per Metric Tonne (MT)
1.	All cargoes other than Coal and Salt	Rs.41/-
2.	Salt	Rs.18/-
3.	Coal at Jetty II	Rs.8.50/-
4.	C&F Operation at Transit Shed and Ware house etc levy	@ 200% of Time Rate wages
5.	For Zone 'B'	Rs.10/- Per M.T.

From 2004-05 onwards, rebate is offered on increased volume of cargo handled over the respective previous year.

(vi). On study of the income and expenditure from this service at the current levy, it is found that the current level of levy is just sufficient to meet the requirement of TPTCHLP for the next two years 2006-07 and 2007-08.

The existing levy for coal at Rs. 8.50 PMT is very low. As regards main pool cargo, there is demand from users to reduce the levy. These issues were discussed with port users in a meeting held on 4 January 2006.

(vii). The TPT has accordingly proposed the following changes in the existing levy structure:

- The existing levy for coal is proposed to be increased from Rs.8.50 per MT to Rs.15 per MT.
- The levy for main pool cargo (other than coal at coal jetty II and salt) is proposed to be reduced by Rs. 1 per MT i.e. from existing levy of Rs. 41 to Rs.40 per MT as requested by the users.
- Levy for other cargo items is maintained at the existing level.

(viii). The TPT has made the following submissions as regards the Pension fund liability of these workers:

(a). By virtue of the Memorandum of Settlement, the TPTCHLP is to undertake the pension liabilities of the employees covered under the settlement at par with the TPT employees.

(b). Based on the representation of TPTCHLP and the sanction of Ministry of labour, the TPTCHLP has started maintaining the Pension Fund with effect from 1 January 2003.

(c). Pension fund shows a balance of Rs.32.39 crores as on 31 March 2005.

(d). As per the actuarial valuation done by Consulting actuary, the Pension fund liability as on 31 March 2004 is Rs.60.92 crores. Out of which Rs. 30.19 crores has been accumulated upto 31.03.2004 in the Pension fund. Balance amount of Rs.30.73 crores is still required to strengthen the Pension fund to match the actuarial valuation.

(e). In this back drop, it has proposed to recover Rs. 5 Per Metric Tonne (PMT) for the years 2006-07 and 2007-08 from the existing levy to meet the shortfall in pension fund liability.

(ix). The TPT has estimated to collect R. 470.65 lakhs and Rs.486.24 lakhs for the years 2006-07 and 2007-08 respectively by introduction of proposed additional levy of Rs.5 PMT to meet shortfall in the pension liability. The modification proposed in the existing levy structure of TPTCHLP is estimated to generate additional earnings of Rs. 146.80 lakhs and Rs. 143.74 lakhs in the years 2006-07 and 2007-08 which is also proposed to be diverted to the Pension fund of these workers to quicken the accumulation of pension fund with respect to the actuarial valuation as on 31.3.2004.

3.2. To summarise, the existing levy for deployment of labour from TPTCHLP for cargo handling operations vis-à-vis the proposed levy is tabulated below:

Sl.No.	Description	Existing levy	Proposed Levy
1.	Levy for Main Pool cargoes (other than Coal at Coal Jetty II and Salt).	Rs.41/- per M.T.	Rs. 40/- per M.T.
2.	Levy for coal at Coal Jetty II	Rs.8.50 per M.T.	Rs.15/- per M.T.
3.	Rate for salt	Rs.18/- per M.T.	Rs.18/- per M.T.
4.	C&F Operation at Transit Shed and Warehouse etc., Levy	@ 200% of time rate wages	@ 200% of time rate wages
5.	Zone ‘B’	Rs.10/- per M.T.	Rs.10/- per M.T.

In addition, it has proposed to recover Rs.5 per metric tonne for the years 2006-07 and 2007-08 to meet the Pension fund liability based on the actuarial valuation.

3.3. The TPT has furnished income and expenditure projections of Tuticorin Port Trust Cargo Handling Labour Pool (TPTCHLP) with proposed changes in levy structure for the years 2006-07 to 2007-08. It has also reported the actual position for the years 2003-04, 2004-05 and actual/estimates for 2005-06.

4. In accordance with the consultative procedure prescribed, the proposal of TPT was forwarded to the concerned users/ user organisations seeking their comments. The copy of the comments received from the users/ user organisations were forwarded to TPT as feedback information. The TPT has furnished its comments on the comments of users/user organisations.

5. On a preliminary scrutiny of the proposal, TPT was requested to furnish additional information/clarifications on a few points. A summary of queries raised by us and reply furnished by the TPT is tabulated below:

Sr. No.	Queries raised by us	Reply furnished by TPT
(i).	Indicate the existing manning scale for individual cargo items and the date when it was last revised.	It has furnished the existing manning scale for individual cargo items. The manning scale was last revised w.e.f. 01.01.1984.
(ii).	As per clause 4.7.3. of the revised tariff guidelines, ports need to revise the datum and rates of piece-rate scheme from time to time in terms of the National Wage Settlements. Further, clause 2.6.2. of the revised tariff guidelines require the port to regularly review the manning scale in view of technological changes. The action initiated by the port in this direction may be informed.	The National Tribunal constituted as per the Wage Revision Settlement between the Indian Port Association and the Federation of Port & Dock Workers' Unions is taking up the issue of revision of datum/ manning scale. Since the award of National Tribunal is binding as per the WRC Settlement, any adhoc decision on this issue is considered premature.
(iii).	Indicate the average days of employment of the cargo handling workers for the last two years.	Average days of the employment of workers for the last two years 2004-05 and 2005-06 are furnished. As per the data furnished, the average days of employment of labour are around 12 to 15 days in a month.
(iv).	Furnish productivity of the cargo handling workers for the last two years in terms of average output per hook per shift commodity-wise.	Commodity-wise average output per hook per gang for the last two years 2004-05 and 2005-06 are furnished.
(v).	Clause 4.7.2. of the tariff guidelines recommends the port to prescribe productivity linked tariff for providing stevedoring services. The TPT may, therefore, consider to prescribe sliding rates with increase in the productivity level. Such tariff arrangement is in vogue at the Mormugao Port Trust.	The sliding rates linked with productivity in Mormugao Port Trust will be analysed for appropriate decision if applicable for implementation in due course of time.
(vi).	Clarify, whether the existing levy was approved earlier by the Government of India prior to the last general revision Order of the TPT. If so, forward a copy of the gazette notification of the said Order.	The erstwhile administration of Tuticorin Stevedores' Association (Labour Pool) had constituted a levy Committee, consisting of the stevedores to decide the quantum of levy matching the commitment towards payment of salary/ wages and other benefits. On the formation of TPTCHLP from 01 January 2000, Management Committee headed by Dy. Chairman was constituted to mange the affairs of TPTCHLP. A levy Finance Committee was also constituted consisting of port officials and users. Commitment of the labour pool towards salaries and other benefits including Pension liability are presented to the members of Levy Finance Committee and after discussion, increase/ decrease in levy is arrived at based on a consensus. No Government approval was sought earlier and there is no Gazette notification of the

		levy charged by TPT at present.
(vii).	Explain the basis on which the existing per tonne levy is arrived at for deploying the TPTCHLP labour for cargo handling operations at the TPT. Also, furnish detailed computation for each cargo items in this regard.	The erstwhile Administration of Tuticorin Stevedores' Association followed the practice of charging levy on per ton basis instead of percentage basis as adopted in some ports. The basis of arriving at the per tonne levy is explained below: (a). The assessment of the quantum of commitment towards all expenditure is made. (b). The cargo handled is divided into Main Pool cargo, cargo handled at Coal Jetty II and salt. (c). Per ton rate is arrived at by apportionment of all expenditure (other than wages and piece rate recovered from the stevedores) on the basis of average hook shift for different cargo classification and dividing the apportioned expenditure by the projected tonnage. It is pertinent to point out that some cross subsidisation is inevitable for cargo like salt. Bulk cargo like copper concentrate, rock phosphate, industrial coal cross subsidise the low volume as well as low value cargo. Since a variety of cargo is handled at TPT and different methods are adopted by agents for handling the same cargo, calculation sheet for each cargo is not available.
(viii).	Furnish an income and expenditure statement for TPTCHLP at the existing levy without reducing the amount proposed to be diverted to the pension fund.	The income and expenditure statement ignoring the contributions to Pension fund levy is furnished separately.
(ix).	Explain the basis of arriving at the fixed assets and the relevance of working capital for offering this service along with the detailed basis for this estimation.	The written down value after providing for depreciation as per provisions of the Income Tax Act is the base for arriving at the fixed assets of TPTCHLP. The working capital is arrived at based on the average financial commitment including monthly commitment towards Pension. This is estimated based on the salary/ benefits to be paid to employees of TPTCHLP as per WRC settlement.
(x).	Furnish detailed computation of the actuarial valuation of pension for the cargo handling workers. Also, furnish a copy of the report of the actuaries in this regard.	Copy of Actuarial Certificate of the Pension liability as on 31 March 2004 is furnished. It has subsequently furnished detailed computation of pension fund levy.
(xi).	Furnish a copy of the Audited Accounts of the TPTCHLP for the last two years. Also, furnish accruals for the year 2005-06 upto 31 January 2006.	It has forwarded copy each of Audited Accounts of TPTCHLP for the last three years 2002-03, 2003-04 and 2004-05.
(xii).	Justify the proposed increase in the existing levy for coal handling only for the purpose of recovering the pension fund liability.	The observation that the increased Coal Levy only is used for the purpose of Pension Fund is not correct. It is stated that all cargo items contribute to the Pension Fund Liability. Pension Fund liability is the commitment of labour pool and it has to be accumulated as per the actuarial valuation. All along the coal has been subsidised at the cost of other cargo items of main pool other than salt. The statement of calculation showing the per tonne cost arrived at based on gang shift output at the projected expenditure level is enclosed. Based on this calculation, the levy for coal is proposed to be increased to Rs.15/- per PMT as against per tonne cost of Rs.17.64 PMT.

(xiii).	A separate per tonne levy to meet the pension fund liability must be discontinued when the pension contribution based on the actuarial valuation is recovered. This requires regular review of a separately maintained account head for this purpose. The port may suggest a suitable monitoring mechanism in this regard.	It has confirmed that Rs.5/- per MT, identified as Pension Fund levy is transferred to meet the Pension fund liability and it will be discontinued as and when the liability as per actuarial valuation is met in full. It has reiterated that the proposed Pension Fund levy is one time arrangement and shall continue to be maintained separately. The very fact of keeping a separate head of accounts itself serves as a monitoring mechanism.

6. A joint hearing in this case was held on 13 July 2007 at the Tuticorin Port Trust premises. At the joint hearing, the TPT and the users/user associations made their submissions. The Tuticorin Customs House Agents Association (TCHAA) filed written submissions reiterating the points made by it earlier. In addition to that, it has appreciated the TPT for having reduced the levy on main pool cargo from Rs.41/- to Rs. 31 Per Metric Tonne (PMT) and has requested for further reduction to Rs. 25/- PMT if not less.

7. As agreed in the joint hearing, the TPT was advised to file a revised proposal along with revised cost statements giving actual position for the past 3 years and estimates till 2009-10 so that the validity can be made co-terminus with the general revision case.

8.1. The Tuticorin Port has accordingly filed a revised proposal in September 2007. It has also submitted the revised statements updating actuals upto 2006-07 and has revised the estimates for the years 2007-08 to 2009-10. A summary of the revised statement filed by the TPT for the years 2007-08 to 2009-10 alongwith actuals for 2004-05 to 2006-07 is tabulated below.

(**Rs. in lakhs**)

Sl. No.	**Description**	**Actuals**			**Estimates**			
		2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**Average for the years 2007-08 to 2009-10**
1.	**Operating expenditure**	2662.89	2689.27	2770.00	2919.58	3077.24	3243.41	3080.07
2.	**F&M expenditure**	1003.66	755.85	729.34	768.25	809.74	853.46	810.48
3.	**Salary/wage revision 25%**				446.64	669.97	673.31	596.64
4.	**Return on Capital employed**	15.22	16.48	16.96	19.22	19.22	19.22	19.22
5.	**Total expenditure**	3681.77	3461.60	3516.30	4153.69	4576.17	4789.40	4506.41
6.	**Less: wages Recovered**	1252.35	1387.10	1539.33	1630.06	1692.03	1753.08	1691.72
7.	**Balance expenditure to be recovered**	**2429.42**	**2074.50**	**1976.97**	**2523.63**	**2884.14**	**3036.32**	**2814.69**

8.2. The computation furnished by TPT for arriving at the revised proposed levy based on average hook shifts is given below:

Sl. No.	**Description**	**Average Hooks shifts**	**Expenditure to be recovered (Rs. in lakhs)**	**Average tonnage handled (in lakh tones)**	**Rate per Tonne (in Rs.)**	**Pension Fund levy (Rs. per tonne)**
1.	Main Pool- others	17037	2363.09	77.00	31	4.30
2.	T/Coal at Coal Jetty II	2855	395.99	32.00	12	4.30
3.	Salt	401	55.82	1.00	56	4.30
	Total	**20,293**	**2814.70**	**110.00**		

8.3. Accordingly, the revised levy structure proposed by TPT vis-à-vis its initial proposal is as follows:

Sl. No.	**Description**	**Levy proposed in initial proposal**	**Levy proposed in revised proposal**
1.	Levy for Main Pool cargoes (other than Coal at Coal Jetty II and Salt).	Rs. 40/- per M.T.	Rs. 31/- per M.T.
2.	Levy for coal at Coal Jetty II	Rs.15/- per M.T.	Rs.12/- per M.T.
3.	Rate for salt	Rs.18/- per M.T.	Rs.56/- per M.T.

4.	C&F Operation at Transit Shed and Warehouse etc., Levy	@ 200% of time rate wages	200% of time rate wages
5.	For Zone 'B'	Rs.10/- per M.T.	Rs.10/- per M.T.
Pension fund levy of Rs. 4.30 per MT for items mentioned at Sl. No. 1, 2 and 3 above is proposed for the next five years to meet the shortfall in the Pension fund liability based on the actuarial valuation as against R. 5/- per MT proposed in the initial proposal.			

8.4. Detailed computation of Pension fund levy furnished by TPT is given below:

Rs. In lakhs

1.	Actuarial valuation as of 31.03.2007	7800.00
2.	Pension fund balance for the year ended 2006-07	4600.00
3.	Add: Balance Amount expected to be received from Regional Provident Fund Commissioner	846.34
4.	Total fund available in the Pension Fund as on 31 March 2007	5446.34
5.	Short fall in the Pension fund to meet the actuarial valuation (1-4)	2353.66
6.	Short fall in pension fund to be recovered over 5 years.	470.73
7	Pension fund levy (6 / average expected tonnage i.e. 110 lakh tonnes per annum)	4.30

It has accordingly proposed to reduce the pension fund levy to Rs. 4.30 PMT in respect of main pool cargo, coal at Coal Jetty II and salt as against Rs.5 PMT proposed in its initial proposal.

9. In view of some gaps observed in the revised proposal, the TPT was requested to furnish additional information/ clarifications. A summary of queries raised and reply furnished by TPT is tabulated below:

Sl. No.	Queries raised by us	Reply received from TPT
(i).	A copy of Audited Accounts of Tuticorin Port Trust Cargo Handling Labour Pool (TPTCHLP) for the years 2005-06 and 2006-07.	It has furnished a copy of Audited Accounts of Tuticorin Port Trust Cargo Handling Labour Pool (TPTCHLP) for the years 2005-06 and 2006-07.
(ii).	Furnish the basis of the traffic estimated to be handled by the labour pool deployed by TPTCHLP, income and expenditure estimations for the years 2007-08 to 2009-10.	The traffic estimated for the year 2007-08 is worked out proportionately with reference to traffic handled in July 2007. For the years 2008-2009 and 2009-2010, the traffic increase is considered at 5% increase per annum. Expenditure are projected considering 5.4% escalation per annum with reference to previous year actuals/estimates.
(iii).	(a). Explain the reasons for including both contribution to pension fund as well as pension payments / commutation of pension in the FME for the years 2004-05 and 2005-06. It may be noted that pension payments to the extent not drawn from the pension fund and contribution made to the pension fund for the relevant years towards pension liability of existing employees will be allowed in tariff fixation process	Regarding contribution to pension fund and pension payments met from general account, the contribution to pension fund represents the liability for each of the years 2007-2008, 2008-2009 and 2009-2010 calculated at 15% on basic pay plus DA and the pension payments are met from revenue expenditure. Hence this is in order. The pension payments/commutation of pension represent expenditure incurred for the existing pensioner, the contribution to pension fund represent the annual liability towards the pension fund to be met during each of the years.
	(b). Confirm that one-time expenses such as arrears in wages, VRS compensation are excluded from the FME as per clause 2.5.2. of the revised tariff guidelines.	It is confirmed that one time expenses such as arrears in wages VRS compensations are not included in the FME expenditure.
(iv).	Furnish detailed computation of capital employed and ROCE for the years 2005-06 to 2009-10 with reference to the figures considered in its revised proposal. While computing capital employed, the working capital may be estimated in line with the norms prescribed in the revised tariff guidelines.	It has furnished detailed computation of capital employed consisting of fixed assets and working capital.
(v).	(a). Furnish detailed computation of the actuarial valuation of pension fund for cargo handling workers estimated at Rs. 78 crores as on 30 June	It has indicated that the actuarial valuation of pension fund will be Rs. 78.34 crores as on 31 March 2007.

<table>
<tr><td></td><td>2007 in the revised proposal. A copy of the report of actuaries in this regard may also be furnished.</td><td></td></tr>
<tr><td></td><td>(b). The Pension balance of Rs.4600 lakhs and Rs.846.34 lakhs (from RPFC) considered in the computation of pension levy is not found in the Annual Accounts of TPTCHLP for the year 2006-07.

Substantiate this estimate with some documentary support from where it is obtained.</td><td rowspan="2">Pension fund balance of Rs.4600 lakhs is based on the following accumulations:
(Rs. in lakhs)<table><tr><td>1.</td><td>Employees contribution received from Regional Provident Fund Commissioner (RPFC)</td><td>1,893.83</td></tr><tr><td>2.</td><td>Pension Fund Levy for the period from 2004-05 to 2006-07</td><td>1,969.95</td></tr><tr><td>3.</td><td>Interest earned on the investment from Government Securities, State Development Loans and Fixed Deposits</td><td>736.22</td></tr><tr><td></td><td>Total</td><td>4,600.00</td></tr></table>
Regarding Rs.846.34 lakhs (due from RPFC), the amount represents the withdrawal benefits to be received from RPFC, Tirunelveli of Rs.575.03 lakhs together interest upto 31.12.2002, after which, TPTCHLP managed. This is in lieu of the Employer's contribution made by the erstwhile Tuticorin Stevedores Association upto 31.12.1999.</td></tr>
<tr><td></td><td>(c). Interest likely to accrue on the pension fund balance during the three years 2007-08 to 2009-10 may also be considered for arriving at the pension fund levy.</td></tr>
<tr><td>(vi).</td><td>The TPT in its initial proposal which was circulated to users as well as at the joint hearing held on 13 July 2007 had proposed to continue with the existing levy of Rs. 18/- per M.T. in respect of salt. The reasons and the basis for proposing to increase levy on salt from Rs. 18/- per M.T. to Rs. 56/- per M.T. in the revised proposal needs to be justified since such revision did not form part of its initial proposal that was circulated to the users.</td><td>The proposed rate of Rs.18/- per ton is to exhibit the prevailing rate of salt. The rate of Rs.56/- per metric ton is to indicate the actual rate of levy to be recovered from salt with reference to its hooks shifts tonnage. However, Rs.18/- per metric ton will be the actual rate of levy for salt.</td></tr>
<tr><td>(vii).</td><td>(a). The TPT in its letter No. TPTCHLP/SOR/REV/2006/D- dated 21 June 2006 had clarified that the proposed rate of 200% of time rate wages for C&F operation at Transit Shed and Warehouse etc., in the initial proposal was incorrect. The TPT had confirmed that as per the existing levy in force, the levy for cargo involving container stuffing / destuffing operations is 200% of time rate of wages and for C&F operations at Transit Sheds, Ware House and for handling cargo at Zone B the levy is Rs. 10/- per M.T. The revised proposal filed by TPT, however, does not reflect the said modification.</td><td>The 200% of time rate of wages is for container stuffing and destuffing operations only. For others like C&F operations, Transit Shed, Warehouse & Zone B, it is confirmed that the rate of Rs.10/- metric ton holds good. This may be suitably incorporated in the Order of the Authority.</td></tr>
<tr><td></td><td>(b). Furnish the working for arriving at the levy for C&F operations at Transit Shed and Warehouse at 10 per metric tonne and 200% of time rate wages for cargo involving stuffing and de-stuffing operations and C&F operations at Transit Shed and Warehouse.</td><td>The said operations of C&F operations are very meager. The calculations for 200% of time rate of wages has already been furnished. Regarding Rs.10/-metric ton for C&F operation in Transit Shed & Zone B the same is a traditional rate and due to meager operation, the amount collected in this regard is almost nil for the past two years.</td></tr>
<tr><td>(viii).</td><td>Though the levy is proposed to be collected from other items viz. cargo involving stuffing and de-stuffing operations and C&F operations at Transit Shed and Warehouse, the expenditure relating to TPTCHLP is not found to be apportioned to these cargo items/ activities. The income estimation also do not reflect the income from these items. In the light of the above observation, the TPT may consider to modify the statement to reflect this position.</td><td>From the calculation furnished by TPT, it is found that the un-bridged expenditure of TPTCHLP is proposed to be recovered from main pool cargo, coal handled at coal jetty II and the salt. The other operations of C&F at Transit Shed, Warehouse are very meager and the collection is only around Rs.2.00 lakhs per annum.</td></tr>
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10. 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

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

(i). Consequent upon an industrial settlement reached in December 1999, the workers and staff of the Tuticorin Stevedores Association (Labour Pool) were brought under a separate scheme known as Tuticorin Port Cargo Handling Labour Pool (TPTCHLP). The scheme was made effective from January 2000.

The levy for supply of cargo handling workers from the TPTCHLP is reportedly being fixed by the TPT in consultation with the port users in the Levy Finance Committee Meeting.

The TPTCHLP is administered by the TPT though under a different name. The rates for supply of the cargo handling workers from the pool is required to be approved by this Authority as this is in connection with service listed under Section 48. This position was pointed out to the TPT at the time of the last general revision of its Scale of Rates of the port in the year 2002. It took nearly four years for TPT to act based on the advice rendered.

At this juncture, this Authority may not like to go into the procedural propriety of the charges levied based on the rate fixed by the Committee without an explicit approval accorded thereto under the provisions of the Major Port Trust Act and none of the users have also agitated this issue.

(ii). The TPT has indicated that the existing manning scales for individual commodities were last revised in 1984. The Memorandum of Settlement of 1999 provides for revision in the manning scales, datum and piece rate incentives. Some of the users have stated that the manning pattern, datum level, needs to be examined and rationalised by the port and has also requested this Authority to address this issue before revising the levy.

The tariff guidelines require the port to regularly review the manning scale in view of technological changes. The port is also required to revise the datum and rates of piece-rate scheme from time to time in terms of the National Wage Settlements.

The TPT has, however, maintained that the National Tribunal constituted as per the Wage Revision Settlement between the Indian Port Association and the Federation of Port & Dock Workers' Unions have taken up the issue of revision of datum/ manning scale. Since the award of National Tribunal is binding as per the Wage Revision Committee Settlement, the TPT feels that any adhoc decision on this issue will be considered premature.

It is admitted that wage cost depending on the manning scales and datum adopted will have a definite tariff implication. It has to be recognized that fixing of manning scales and datum is a port management function. Since the revision in the datum / manning pattern of major ports is reportedly under consideration by the National Tribunal, the levy is fixed based on the existing manning scale/ datum reported in the proposal by the TPT.

Notwithstanding this position in this tariff case, the TPT is advised to initiate action to revise the datum for different commodities in terms of the provisions contained in the National Level Wage Agreement.

(iii). In response to the original proposal of TPT, many of the users had demanded further reduction in the levy in respect of main pool cargo. The TNEB found the proposed rate for coal to be exorbitant and had requested the port to reduce the rate.

The TPT acceded to the demand of the users and agreed at the joint hearing, to reduce the levy for main pool cargo from Rs. 40 proposed in its initial proposal to Rs. 35 PMT and Rs. 10 PMT for handling coal. The revised proposal filed by the TPT subsequently relying upon the cost position, however, contained slight variations from the position agreed at the joint hearing.

(iv). The cost statement of the TPTCHLP filed by the TPT is examined to assess the reasonableness of the rates proposed.

The TPT has furnished the actual income and expenditure of TPTCHLP activity for the years 2004-05 to 2006-07 and estimates for the next three years 2007-08 to 2009-10. The year 2007-08 is already drawn to a close. Hence, the estimates for the years 2008-09 and 2009-10 are only relevant in this tariff fixation exercise. Consequently, the validity of the levy revised to be approved now will be for a truncated validity period of around one and half year from the date of its implementation.

The cargo volume expected to be handled by the main pool of TPTCHLP is estimated to increase by 5% per annum over the actuals / estimates of the respective previous year. The volume of coal traffic to be handled by TPTCHLP is estimated almost at the level of 2006-07 for three years under consideration.

The traffic increase estimated by the TPT in the general revision proposal may not be fully relevant for this particular case since all the cargo will not be availing the services of TPTCHLP. The traffic estimated by the TPT in this case is relied upon for fixation of levy.

However, if any undue advantage is found to have accrued to the TPT due to wrong estimation, adjustment will be made in the tariff at the time of next review of tariff in line with the tariff guidelines.

(v). (a). The operating expense for the year 2007-08 is estimated to increase by 5.4% over the actuals reported in the year 2006-07. The expenses for the subsequent two years 2008-09 and 2009-10 are estimated applying the same escalation factor of 5.4%.

The tariff guidelines stipulate that the expenditure is to be projected in line with traffic adjusted for price fluctuation with reference to the current movement of Wholesale Price Index (WPI) for all commodities announced by the Government of India. The WPI announced by the Office of Economic Advisor, Ministry of Commerce and Industry for the year 2007-08 is 4.6%. Accordingly, the WPI to be considered by the Authority for the tariff revision exercise in the year 2008-09 is 4.6 %. The estimation of expense for the years 2008-09 and 2009-10 is therefore modified restricting annual escalation at 4.6%.

(b). The estimation of Finance and Miscellaneous Expense include pension / gratuity payments as well as provision for contribution to pension Fund and Gratuity Fund for the years under consideration. The port has clarified that the pension payments for TPTCHLP workers is made from the revenue account and the provision relates to the annual contribution made to the pension fund to the extent of 15% of the basic and DA. The pension payment of the existing pensioners has to be met from the Pension Fund. Hence, for fixation of levy only the contribution proposed to be made to the Pension fund and gratuity fund is considered as estimated by the TPT.

(c). The total salaries and wages for the year 2007-08 is estimated at Rs.1786.57 lakhs. The TPT has made a provision for wage revision at 25% of the total wage cost for the year 2007-08. Recognising that this item is only a provision, it is found sufficient to consider the impact of wage revision at 15% of the wages cost estimated for the year 2007-08 in line with the decision taken for other major ports like the Visakhapatnam Port Trust, New Mangalore Port Trust as well as the general revision proposal of the TPT which is being processed separately.

The TPT has estimated around 50% increase in the provision for wage revision for each of the years 2008-09 and 2009-10. The reason for such a steep increase is not explained. The port has not estimated any increase in the strength of labour force during these two years. In fact the port has emphasised the efforts done during the recent past to reduce the labour force. There is, therefore, no justification for considering the estimated wage cost beyond the permissible annual escalation level which is considered at 4.6 %

per annum. The provision for wage revision for the years 2008-09 and 2009-10 are modified suitably to that extent.

(vi). The TPT has computed the working capital for the year 2004-05 and applied 10% annual increase for the subsequent years for estimation of working capital for the years 2005-06 to 2009-10. The computation of working capital is not as per the norms prescribed in the tariff guidelines. The working capital for the year 2006-07 based on the norms prescribed in the tariff guidelines works out to a negative figure. Hence the estimate of working capital for the years 2007-08 to 2009-10 is taken as nil.

The TPT has confirmed that the depreciation is computed as per the Companies Act in line with the tariff guidelines which is accepted. The value of net fixed assets reported in the Annual Accounts for the year 2006-07 and that included in the computation of capital employed differ mainly because of different method of computation of the depreciation.

The value of net fixed assets furnished by the TPT in the cost statement for the years 2006-07 and 2007-08 are relied upon in this analysis. The TPT has not furnished the computation of capital employed for the year 2008-09 and 2009-10. In the absence of this information and also recognising that the port has not proposed any addition to the gross block of assets during these years, the net fixed assets for the subsequent years 2008-09 and 2009-10 is derived by reducing the depreciation amount from the estimates of the net block of previous year.

(vii). (a). The average total expenditure of the TPTCHLP plus the return on capital employed after carrying out the aforesaid modifications works out to be Rs. 3822.69 lakhs for the years 2008-09 and 2009-10. Out of this, on an average Rs. 1722.56 lakhs of wages is estimated to be recovered by the TPT for the relevant years. The balance expenditure of 2100.13 lakhs is to be recovered by way of the proposed levy.

The estimated expenditure is allocated over the cargo items based on the average hook shifts and the levy per tonne of cargo is computed for the volume of cargo expected to be handled. The computation of levy is in line with the method followed by the TPT except for considering it on the modified estimates of expenditure.

Accordingly, the levy for main pool cargo works out to around Rs. 22.40 per tonne for main pool cargo, Rs. 9.20 per tonne for coal at coal Jetty- II and Rs. 41.00 per tonne for salt.

(b). The volume of salt handled by the TPTCHLP is low. Also since it is a low value cargo, the TPT proposes to continue with the existing levy allowing existing flow of cross subsidy to continue. The proposal of the TPT is accepted.

(c). The TNEB has requested that there should not be any revision of TPTCHLP levy on the Coal handled at Coal Jetty II. However, the cost position does not support the argument of the TNEB. As rightly stated by the TPT, coal had been enjoying cross subsidy from the mail pool cargo and hence there has been demand from that set of users to eliminate the subsidy. Even the tariff guidelines recommend eliminating cross subsidy in a phased manner.

As per the cost position the levy on coal works out to Rs.9.20 per tonne. Hence, the levy for coal is fixed at Rs. 9.20 per metric tonne.

(d). As regards the main pool cargo, the levy based on the cost position works out to Rs. 22.40 per tonne. But recognising that the TPT proposes to cross-subsidise the low value cargo salt, the levy for main pool cargo is fixed at Rs. 23 per tonne so that the port can meet the estimated expenditure to be recovered from this activity.

(e). The TPT has proposed to continue with the existing levy of Rs 10 per metric tonne for C&F Operations in transit shed and ware house and for Zone B. The TPT has not furnished any cost details on the ground that the revenue from this activity is negligible. Recognising that the proposed levy is already being collected by the port and there has been no pointed objection from the users, the proposal of the TPT to continue to collect Rs. 10 per metric tonne for services rendered to this category is accepted.

(f). The existing levy for supply of workers from the TPTCHLP is mostly on per tonne rates except for one item which is based on percentage of time rate wages. The levy for container stuffing and destuffing is proposed at 200% of the time rate wages. The TPT has reported that since posting of tally clerks is not made for this operation, tonnage particulars is not available in respect of such work. Hence, the levy is based on percentage of time rate.

Some of the users have requested to reduce the levy to 100% of the time rate wages. The TPT has clarified that the percentage of expenditure on wages works out to be more that 200% and hence the contention of the users that the time rate wages presently collected at 200% of wages is not based on the facts.

Based on the clarification furnished by the TPT, the proposed levy at 200% of time rate wages for container stuffing and destuffing operations is accepted.

(viii). (a). The TPT proposed to introduce a special levy @ Rs. 5 per metric tonne for main pool cargo, coal handled at coal jetty II and salt to meet the short fall in the pension fund based on the actuarial valuation.

The actuarial valuation of pension liability and gratuity liability is estimated at Rs.78.34 crores as on 31 March 2007 in the revised statement. After considering the accumulated balance in the respective fund as on 31 March 2007, the balance pension liability is estimated at Rs.23.88 crores which is proposed to be recovered over five years period. Based on the revised calculation, the TPT has proposed to reduce the special levy to Rs. 4.30 per tonne for the said cargo items. A summary of the Pension fund liability position is given below:

(**Rs. in crores**)

1.	Actuarial valuation of Pension and Gratuity liability as on 31 March 2007.	78.34
2.	Less: Pension Fund Balance reported by the TPT as on 31 March 2007.	46.00
3.	Balance Liability as on 31 March 2006. (1-2)	32.34
4.	Less: Amount due from Regional Provident Fund (Trinulveli)	8.46
5.	Balance Pension fund liability to be recovered. (3-4)	23.88
6.	Pension fund short fall spread over five years	4.78
7.	Average tonnage expected to be handled (lakh tonnes)	110
8.	Pension fund levy	4.35

(b). Clause 2.5.2. of the revised tariff guidelines stipulates that such one time liability are to be met from the accumulated surpluses / reserves other than specifically earmarked funds or provisions and if it is still not adequately covered, then the port may for justifiable reasons, propose a special rate for a limited period to meet such liabilities. In view of the short fall in the pension fund position explained by the port, the special rate proposed by the TPT is allowed for five years period.

(c). The TPT has not proposed to levy the special rate for certain items. It may be relevant to mention that the pension liability is with reference to all the employees and the pensioners of the TPTCHLP Scheme who are deployed in the various activities. Hence there is no justification to exclude the special levy for certain categories. The special rate prescribed by this Authority is only a ceiling rate and hence the port may exercise its flexibility to charge a lower rate or even exempt certain categories from this levy based on their commercial judgment.

(d). The pension fund position and the special rate introduced now will be reviewed at the time of next tariff review. The port should maintain a separate account in this regard and furnish the audited details for scrutiny at the time of the next review.

(ix). Clause 4.7.2. of the revised tariff guidelines recommends the port to prescribe productivity linked tariff for providing stevedoring services. As agreed, the port is advised to propose sliding rates linked with productivity while reviewing the levy during the next tariff cycle.

(x). The revised tariff guidelines stipulate a tariff validity cycle of 3 years. Since the cost position considered for fixation of levy is for two years i.e. 2008-09 and 2009-10, the tariff prescribed will be for a truncated validity period. The financial position considered for the purpose of this analysis is only till 31 March 2010, hence the validity of the revised Scale of Rates will also expire on 31 March 2010.

(xi). The rates approved by this Authority are to be implemented after 30 days from the date of notification of the Order in the Gazette of India. Since this case has been finalised simultaneously with the general revision of the port, it is found appropriate to implement the Order from the date of implementation of the revised Scale of Rates of the TPT approved in the general revision case. The levy for deployment of labour from the TPTCHLP is accordingly incorporated in the revised Scale of Rates of the TPT in Chapter – V I.

12. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves insertion of the following Chapter -VI in the Scale of Rates of the TPT for supply of cargo handling workers from the Tuticorin Port Trust Cargo Handling Labour Pool (TPTCHLP) for cargo handing operations:

"Chapter V I

6.1. Levy for supply of labour from Tuticorin Port Trust Cargo Handling Labour Pool (TPTCHLP) for cargo handing operations

Sl. No.	Description	Per Metric Tonne (MT)
1.	All cargoes other than Coal and Salt	Rs.23.00
2.	Salt	Rs.18.00
3.	Coal at Jetty II	Rs.9.20
4.	For container stuffing and destuffing operations	@ 200% of Time Rate wages
5.	C&F Operation at Transit Shed and Ware house etc levy	Rs.10/- Per M.T.
6.	For Zone 'B'	Rs.10.00 Per M.T.

6.2. Pension fund levy

Pension fund levy @ Rs. 4.30 per M.T. to be collected by the TPT to meet the shortfall in the Pension fund liability. The levy will be for a period of five years, subject to review."

(Brahm Dutt)
Chairman

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

F. No.TAMP/17/2006-TPT - **Proposal from the Tuticorin Port Trust for supply of labour by Tuticorin Port Trust Cargo Handling Labour Pool for cargo handling operations.**

1. The summary of comments received from the users / user organisations and comments of the Tuticorin Port Trust (TPT) thereon are tabulated below:

Sl. No.	Comments of users/ user Organisations	Comments of TPT
1.	**Tuticorin Stevedores Association**	
(i).	It has welcomed the initiatives taken by TPT in filing the instant proposal and bringing the levy structure under the purview of TAMP.	No comments
(ii).	(a). The proposal mentions that levy for C&F operations at transit shed and warehouse is @ 200% of Time Rate Wages. Actually, 200% of Time Rate Wages is collected only for container operations involving stuffing and destuffing. But, for the vessel related cargo, Rs.10/- MT is charged. So the proposal must distinctly indicate the above two rates. (b). In fact the members had suggested to fix a uniform rate of Rs.10/- PMT for the above two operations instead of prevailing two rates for C&F operations at transit shed and warehouse.	(a). In the original proposal, the rate of 200% was wrongly indicated as applicable to C&F operation at Transit Shed and Warehouse etc. It is confirmed that as per rates of levy in force, the levy for cargo involving Container Stuffing / Destuffing operations is 200% of time rate of wages. The amount of Rs.10 PMT is applicable for C&F operations at Transit Sheds, Ware House and for handling cargo at Zone B'. (b). The suggestion made by the Association for prescribing a uniform rate of Rs.10/- per M.T for the said two operations is not acceptable because in stuffing/ destuffing operations, the posting of tally clerks is not made and therefore, collection of tonnage particulars is not possible in respect of such work.
(iii).	(a). The proposed levy of Rs.40/- PMT for general cargo is the highest among all the major ports. The rate must be reviewed and reduced from Rs. 40/- to Rs. 30/- PMT. (b). The statement of accounts of TPTCHLP appended to the proposal clearly indicates that huge surplus amount has been already generated in TPTCHLP. (c). With valid proof of surplus funds and increased inflow due to the change in the levy of coal from TTPS and viewing increased volume of cargo in the current year and in future, due consideration may be given for fixing levy on general cargo @ Rs.30/- per MT and for fixation of uniform levy of Rs. 10/- PMT for C&F	(a). Reductions to the tune of Rs.10/- PMT will dilute the port's income by Rs.6.27 crores per annum on an average. This will lead to the dilution of revenue and consequently TPTCHLP will not be able to contribute to the Pension Fund completely and this will also entail a deficit to the extent of Rs.1.49 crores to meet the recurring expenditure. Therefore, the request for reduction of levy as requested is not feasible in the current scenario. However, if the levy is uniform for all cargo items other than salt, including the entire quantities of thermal coal handled in the port for TNEB, considerable reduction in the case of other cargo is feasible. (b). Surplus funds generated have already been transferred to Pension Fund and are not available for operational purpose. (c). Cargo projections contemplate only an increase of 5% per annum with Coal handled through Coal jetty II remaining almost static. This will continue to be so since import of thermal coal at present is for captive use by the TNEB.

	operations at transit shed and warehouse pertaining to the vessel related cargo and for container operations involving stuffing and de-stuffing. (d). The proposed reduction of Re. 1/- in levy of general cargo will be indirectly added to the levy again in different name and will be collected from the users for the development of Tuticorin City.	(d). The issue raised by the Association is in the context of the proposal to aid the infrastructure development of the Tuticorin town. The contribution by the users for the development of infrastructure of Tuticorin town is intended to be voluntary. The issue is only in discussion stage. This is altogether a different issue not connected with fixation of TPTCHLP levy.
2.	**Tuticorin Custom House Agents Association**	
(i).	It could be evidently seen that a huge amount has been accumulated by the TPTCHLP by deploying labour for cargo handling operation. The amount so derived has been utilised exclusively for the labour. While the charges have been collected from the user, which ultimately results in huge surplus, it would be fair that a portion is left to be enjoyed by the port users also. This could be made possible by reducing the prevailing levy structure.	There is no balance surplus funds available after allocation to the Pension Fund to meet the pension fund liability arrived at by actuarial valuation. Hence, the question of sharing a portion of the said surplus with the users by reducing the rates does not arise.
(ii).	Presently a levy of Rs.41/- per MT is being collected by the TPT. There is no reason to justify such a levy. Time and again the association have represented this fact to the TPT. It is felt that the levy could be reduced to Rs.25/- PMT if not less.	The suggestion to reduce the proposed levy from Rs.40/- PMT will be considered at the appropriate time after the Pension Fund is strengthened to meet the requirement as per actuarial calculation.
(iii).	The time rate wages collected now are at 200%. This is quite unreasonable and such high percentage of time rate has a direct bearing to the handling charges. When the trade as a whole focus on cost cutting, a thought need to be given for reducing the percentage. It has requested to reduce time rate wages to 100%.	The percentage of other expenditure on wages work out to be above 200% in the previous years and also in the future viz. 2006-07 and 2007-08 as given below: 2003-04 410% 2004-05 448% 2005-06 382% 2006-07 369% 2007-08 365% Therefore, the contention that the time rate wages of 200% is exorbitant is not based on facts.
(iv).	A number of representations have been made to TPT to consider rationalising datum level, manning scale etc., and to abolish posting of notional workers etc., besides the necessity to reduce the administrative expenditure. These points require to be addressed before entertaining the present proposal.	(a). It is submitted that the issue of rationalisation of datum and manning scale are before the National Tribunal for a decision. Hence the same cannot be taken up at present. (b). Regarding the issue of reducing the administrative expenditure after the take over of the erstwhile TSA (Labour Pool) and administering by the TPTCHLP under the control of TPT, it may be noted that the strength of employees (workers and staff) of TPTCHLP has been reduced from 1990 as on 1.1.2000 to 1229 employees as on 31.3.2006. The reduction in the staff strength due to introduction of Voluntary Retirement Scheme has enabled the organisation to reduce the levy for Main Pool cargo (other than salt and TTPS coal handled at Coal Jetty II) from RS.55/- per MT on 22.9.2000 to Rs.41/- per MT at present and Rs.40/- per MT as proposed. Utmost care is being taken to reduce the administrative expenditure by adopting the procedure of competitive tendering in procurement and maintenance works of even small values.

3.	**Tuticorin Steamer Agents Association**	
	It has reiterated the comments offered by TCHAA. Apart from this, it has submitted that there is a manifold increase in volume of coal handled in Tuticorin Port. It should, therefore, be correct to reduce the current levy in respect of this cargo. The present proposal is to increase the levy from Rs.8.50 PMT to Rs.15.00 PMT, which is not fair. It has suggested to reduce the prevailing levy to Rs.4.25 PMT.	The coal handled at Coal Jetty is static at around 20 lakh tonnes to 25 lakh tonnes upto the period 2004-05 and there is an increase of only 5 lakhs tonnes in the year 2005-2006. This is not a recurring phenomenon and the same cannot be relied upon. Coal of TTPS may either be handled at Coal Jetty II (where the TPTCHLP Workers are deployed) or at Coal Jetty I where the workers of M/s. PSC Ltd, are deployed by TNEB. The cost statement shows that the cost per tonne of coal handled at Coal Jetty II including Pension Fund levy works out to be Rs.17.64 PMT. There is therefore no justification for reduction in the rate of levy for coal.
4.	**Tamil Nadu Electricity Board**	
(i).	TNEB is the largest user of Tuticorin Port. The TPT has been earnings huge revenue by handling coal account of TNEB. It is not clear how TPT has mooted the proposal for increasing the levy for coal at Coal jetty-II from Rs.8.50 per MT to Rs.15/- per MT without discussing the proposal with TNEB.	As against the actual cost of Rs.17.64 per MT, the levy collected is only Rs.8.50 PMT. TNEB has enjoyed subsidy in coal handling so far at the cost of other cargo items. Therefore, the agencies handling Main Pool Cargo (other than coal at Coal Jetty-II) and salt have requested for reduction in the levy citing the subsidy enjoyed by the coal. Considering the above, the proposed increase in the levy of coal at Coal Jetty-II to Rs.15/- PMT is justified in order to set right the subsidy enjoyed by the Tamil Nadu Electricity Board all along.
(ii).	During the Levy Finance Committee Meeting conducted earlier on 16 October 2003, it was announced that the levy for the Thermal coal will be enhanced from Rs.4.50 to Rs.10.00 per MT w.e.f. 22 October 2003. In response to the above decision, TNEB in its letter dated 25 October 2003, has requested the TPT to explain reasons for increasing the levy on thermal coal and also requested TPT to withdraw the same and fix the levy after it is mutually accepted by TNEB and TPT.	This is the factual position.
(iii).	Finally, the Chairman (TPT) in his letter-dated 18 May 2004 has intimated about reduction in levy to Rs.8.50 from the proposed rate of Rs.10.00 per MT for Thermal Coal handled at Coal Jetty II at Tuticorin Port, w.e.f. 01 May 2005.	No comments to offer.
(iv).	TPT has proposed to increase the existing levy of Rs.8.50 per MT to Rs. 15/- PMT which is exorbitant and illogical. At the proposed upward revision in the levy, TNEB would incur an additional expenditure of Rs.2.5 crores per annum including service tax for about 3.6. Million Tonnes of coal handled in Coal Jetty II. TNEB, being a public utility service, cannot pass on the extra expenditure to its consumer without the consent of State Tariff Regulatory Committee. Moreover, TNEB is already over burdened with increased port dues.	The issue agitated is an internal matter pertaining to Tamil Nadu Electricity Board. The revision of TPTCHLP levy on the Coal handled at Coal Jetty II is the necessary as per the position reflected by the cost statement.
(v).	It was proposed to reduce the levy for a Main Pool cargo from the present Rs.41/- to Rs.40/- per MT and no change is proposed for salt taking into consideration the request made by the users in the meeting held on 4 January 2006. The TNEB officials at Tuticorin Thermal Power Station were, however, not given an opportunity to express their views on the	The issue has been discussed in the meeting held on 4 January 2006 in which the TTPS officials were also present and the matter of the subsidy enjoyed by the Tamil Nadu Electricity Board was highlighted by the other user agencies to substantiate increase in the levy of coal handled by TTPS.

	proposed increase in levy on coal. The TPT has proposed increase in the levy for coal at Coal Jetty-II from the present level of Rs.8.50 to Rs.10/- per MT without discussing the same with TNEB.	
(vi).	The TPT has proposed to increase the levy on coal without giving any proper reasons.	In the light of the above, the increase proposed in levy of coal handled by TNEB at Coal Jetty II is justified and essentially required.
5.	**Tuticorin Chamber of Commerce & Industry**	
(i).	The Cochin and Kolkatta ports have heavily slashed down their cargo handling rates recently which was periodically being increased earlier. It is, therefore, suggested that TPT may study if it can decrease the existing levy.	No comments furnished.
(ii).	Even if there is a shortage of supply of labour to that indicated by the port user, it has to pay wages at piece rate for the non-supplied labour also.	No comments furnished.
(iii).	Earlier, say 30 years back, the impact of levy of 360% was minimal. In the present scenario, with heavy surplus income, levy of 200% is on the higher side. It has suggested that TPT may collect this levy at say Rs.5/- MT.	No comments furnished.
(iv).	The time has come for implementing productivity linked wage formula. Free movement of labour should be encouraged as to increase productivity for the user. At the same time, an attractive wage formula may be prescribed for productive worker who gives a higher turn out.	No comments furnished.
6.	**Tuticorin Port Handling Agents Association**	
	It has reiterated the points made by Tuticorin Customs House Agents Association.	Comments on the points made by Tuticorin Customs House Agents Association are already furnished.
7.	**All India Chamber of Commerce & Industries**	
(i).	At present Tuticorin Port Trust is collecting a levy of Rs.41/- per M.T., which is very high. There is no justification for it as there is an enormous surplus of more that Rs.32 crores. The present levy can easily be reduced to Rs.30/- per M.T. without affecting either the cargo handling labour pool or the Tuticorin Port Trust. This is a long standing plea of the Chamber.	No comments furnished.
(ii).	The levy for C&F operations at transit shed and ware house etc., is proposed at 200 % of time rate wages. This is abnormally high and unjustified and will increase the cost of commodity handled. To reduce the cost of the commodity, the expenditure on wages, levy should be reduced. It has suggested to reduce the levy on C&F operations to 100% of time rate wages so as to boost the development of trade.	No comments furnished.
(iii).	The container destuffing levy may be fixed at Rs.10/- per M.T.	No comments furnished.
(iv).	The request made by the Chamber to the port to regulate datum level, manning scale, abolish notional workers, reduce administrative expenses, etc., need to be taken care of before accepting the proposal of the port.	No comments furnished.
8.	**Sterlite Industries (I) Limited**	
	The CHLP levy for all products is charged on metric tonne basis. There are products like salt, Raw cashew etc., which are labour intensive and use more labour to load/discharge very less quantity, much less than 1000 MT per day. On the contrary it uses one third of the above labour	The CHLP levy is being collected on M.T basis in respect of all cargoes based on the tonnage handled. The suggestion to fix the levy in proportion to the labour employed is not agreeable as the service provided is for handling prescribed tonnage, which should absorb the

	and the discharge rate of cargo is on an average 10,000 MT per day with the help of machinery. However, it is made to pay 30 times more per unit of labour, which is completely discouraging the use of machinery and efficient working.	overhead collected as levy. Hence, the charging pattern need not be modified.

2. A joint hearing in this case was held on 13 July 2007 at the Tuticorin Port Trust premises. At the joint hearing, the following submissions were made:

Tuticorin Port Trust

(i). The TPT labour pool has come as a result of a tripartite agreement signed in January 2002.

(ii). The Labour Ministry has approved Pension scheme for these labour. The pension fund needs to be augmented. Therefore, a separate charge is proposed.

(iii). Coal enjoyed cross-subsidisation. We want to reduce it gradually.

(iv). From 1 April 2007, we have reduced cargo handling levy on main pool to Rs.37/- and coal to Rs.7/-

(v). Please approve:

Main Pool	Rs.35/-
Coal	Rs.10/-
Salt	Rs.18/-
Zone B	Rs.10/-

We will send revised proposal.

Tuticorin Stevedores' Association

(i). The manning scale datum revision have not taken place for long as the Tribunal award is not implemented. We request any rate revision should be preceded with implementation of Tribunal award.

Tuticorin Custom House Agents' Association

(i). We request TPT, like Chennai Port, Mangalore Ports etc., to consider dispensing with labour for warehouse operation.

Tamil Nadu Electricity Board

(i). No comments.

Sterlite Industries (India) Limited

(i). The cargo handling levy should be linked to productivity.

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