(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

Tariff Authority for Major Ports

GNo.147 **New Delhi,** **29 August 2008**

NOTIFICATION

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

(Brahm Dutt)
Chairman

Tariff Authority for Major Ports
Case No. TAMP/15/2006 - TPT

Tuticorin Port Trust --- **Applicant**

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

This case relates to the proposal received from the Tuticorin Port Trust (TPT) for general revision of its Scale of Rates. The TPT had earlier filed a proposal for revision of its Scale of Rates (SOR) in February 2006 and another proposal on 23 June 2006. Both these proposals were not found to be complete. The Tuticorin Port Trust filed another proposal but, the cost statements filed by the port were not in accordance with the revised format. Subsequently the TPT filed a comprehensive proposal in prescribed formats.

2.1. The Scale of Rates (SOR) of the Tuticorin Port Trust (TPT) was last notified by this Authority in the Gazette of India on 4 October 2002. Following the two year tariff validity cycle, the SOR of the TPT fell due for review in October 2004.

2.2. At the request of the port, the validity of the existing Scale of Rates of TPT was extended twice vide Order dated 15 March 2005 and 30 August 2005. The extension for validity for the existing SOR was granted till 31 March 2006 and port was advised to file its proposal for general revision of its Scale of Rates by 31 December 2005.

2.3. The TPT in September 2006 informed that the port wanted to have a re-look at the proposal based on the discussion with the users/user representatives and agreed to file a revised proposal by 15 September 2006. This Authority vide Order dated 28 September 2006 granted further extension of validity of the SOR of TPT till 31 March 2007. While approving the extension, this Authority directed that the actual physical and financial performance of the port will be reviewed with reference to the estimates considered in the last tariff Order and the surplus, if any, will be set off over the next tariff validity period in accordance with clause 2.13. of the revised tariff guidelines. It was also mentioned that for the period from October 2004 till the finalisation of the Scale of Rates, the entire additional surplus accrued to the Tuticorin Port Trust will also be set off over the next tariff validity period.

3. In this backdrop, the TPT has filed a comprehensive proposal for general revision of its SOR vide its letters dated 26 December 2006 and Nil January 2007. The highlights of the proposal are as follows:

A. Cost Statement

(i). The special rate for capital dredging was approved by this Authority to recover outflow of funds to service the Japanese Yen loan taken for this project. This loan has been liquidated by repaying partly from the Port's own resources and partly by obtaining a fresh loan of Rs.182.07 crores from IDBI during January 2005. It has, therefore, proposed to merge the dredging levy with the basic vessel related charges.

(ii). The actual traffic handled by the TPT for the year 2005-06 and projections for the years 2006-07 to 2009-10 are as follows:

Years	Traffic in Million Metric Tonnes (MMT)
2005-06 (Actuals)	17.14
2006-07 (B.E.)	17.26
2007-08 (R.E.)	18.35
2008-09 (Estimates)	19.46
2009-10 (Estimates)	25.36

(iii). It has proposed additional investment of Rs.56.29 crores, Rs.208 crores and Rs.524.25 crores during the years 2007-08 to 2009-10 respectively.

(iv). In the income estimation, it has considered the income from marshalling yard charges; for which the port had filed a separate proposal. Likewise, the overhead cost on electricity charge proposed to be recovered based on separate proposal filed by the TPT is excluded in this tariff revision exercise.

(v). The TPT has considered Pension Fund deficit of Rs.608 crores for each of the years 2006-07 to 2009-10 to meet the shortfall in the Pension Fund liability as per the actuarial valuation while arriving at the net surplus / deficit position.

(vi). 50% of the royalty received / receivable from the PSA SICAL is considered as revenue from the year 2004-05 onwards.

(vii). The net surplus/deficit position (including the dredging component) reflected by the consolidated cost statements and activity-wise cost statements submitted by the TPT is tabulated below:

(Rs. in lakhs)

Sl. No.	Particulars	2007-08		2008-09		2009-10		Total Surplus / Deficit for the three years	Average Surplus / Deficit as % of operating income
		Rs. in lakhs	Surplus / Deficit as % on income	Rs. in lakhs	Surplus / Deficit as % on income	Rs. in lakhs	Surplus / Deficit as % on income		
1.	Port as a whole	589.02	3.64%	-1321.94	-7.45%	-6800.96	-31.82 %	-7533.88	-11.88%
2.	Cargo Related Activity	4167.40	48.63 %	2963.78	30.56%	5627.14	43.81%	12758.32	41%
3.	Port and Dock Activity	-3600.91	(-)51.38%	-4330.76	-58.18 %	-12500.24	-158.15%	-20431.91	- 89.24 %
4.	Estate Rental Activity	22.53	3.84%	45.05	7.46 %	72.14	11.59 %	139.72	7.63 %

B. **Proposed Scale of Rates**

(i). The existing special rate for dredging is proposed to be merged with the basic vessel related charges applicable for the respective berths.

(ii). An increase in the range of 3.6% to 3.9% is proposed in port dues.

(iii). Pilotage fee is proposed in three slabs as per the revised tariff guidelines.

(iv). Single rate of berth hire is proposed for each group of berths as against the existing seven tier structure.

(v). The port has proposed 3% increase in the wharfage rate for a few commodities and 15% to 42% increase is proposed for a few other commodities. 17% increase is proposed in coal and coke handled through coal jetty and 15% in POL products.

(vi). 3% increase is proposed in demurrage charge, license (storage) fee, and miscellaneous charges except for a few items. Weighment charge is proposed to be increased by 103%, cooper license fee and charges for issue of photo permits are proposed to increase by 85% to 97% and 100% increase is proposed in the license fee for entry of private cargo handling equipment.

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

5.1. Based on a preliminary scrutiny of the proposal, the Tuticorin Port Trust was requested to furnish additional information / clarifications. The TPT has furnished its reply. On scrutiny of revised cost statements and the information furnished, the TPT was requested to furnish the additional information / clarifications on few more points. A summary of the queries raised by us and the clarifications furnished by the TPT are tabulated below:

Sl. No.	Queries raised by us	Reply received from TPT
I.	**Financial /Cost Statement**	
(1).	Since the year 2006-07 is already over, the TPT has been requested to update the cost statement with 2006-07 actuals based on the draft Annual Accounts.	The TPT has furnished revised cost statements updating the figures with 2006-07 actuals. It has also furnished activity-wise / sub-activity-wise cost statements.
(2).	(i). The TPT in the instant proposal, by proposing to merge the capital dredging levy with the basic vessel related charges has also included the capital expenditure incurred towards the dredging project in the capital	The earlier loan obtained from Japan Bank for International Cooperation has been liquidated by repaying partly from port's own resources (Rs.47.58 crores) and obtaining a fresh loan

	employed and claimed return thereon which is a change in the stand so far maintained by the TPT. The ROCE claimed on the capital dredging cost is found to be higher than the average annualised debt servicing cost included in the computation of the special rate. Explain the reason why all the vessel related tariff items should bear the burden of return on capital employed on the capital dredging cost which was not envisaged when the TPT had initially proposed to incur the said capital expenditure.	from IDBI for Rs.182.07 crores to be repaid in 7 years in quarterly installments. The debt servicing liability on account of this quarterly repayment is of the order of Rs.36.78 crores (consisting of principal to the tune of Rs.26.00 crores and interest Rs.10.78 crores) per annum. If the same is considered for tariff revision, it will cast a heavy burden on the users which the trade cannot bear. Therefore, it has been proposed to merge the project cost along with the other assets so as to recover the deficit. However, care has been taken to load the dredging levy component for the vessels which use the deep draft berths. The contention of TAMP as to bearing the burden of return on capital employed with respect to dredging cost by all vessel related tariff items is therefore justified considering the increased debt service liability on account of liquidation of the loan from JBIC.
	(ii). Furnish the cost position excluding the dredging levy. Also, furnish the earnings from the special rate for dredging and corresponding expenditure for vessels using deep draught berths separately for the years 2004-05 to 2009-10 in line with the general approach following during the last revision of this rate.	The TPT has furnished consolidated cost position excluding dredging levy. It has also furnished estimated annual operating cost of capital dredging for the years 2004-05 to 2009-10.
	(iii). As per clause 2.11.3. of the revised tariff guidelines, no increase is to be allowed in the surplus generating activities. The cost position excluding dredging levy shows an average surplus of 14.8% for the years 2007-08 to 2009-10. In the light of this position, the proposed increase of around 3.6% to 4% in vessel related charges in respect of vessels not availing deep draft berths, cargo related charges and miscellaneous tariff items should be justified. The TPT may propose a suitable reduction in the tariff items to the extent of revenue surplus reflected in the cost statement excluding the capital dredging component.	Consequent on the proceedings of the joint hearing, the dredging levy is proposed as separate levy as per the existing practice. Consequently, the cost statement is modified and revised cost statement (without dredging element) reflects a surplus of 7.47 % considering the actual position for the years 2004-05 to 2006-07 and projected figures for 2007-08 to 2009-10 with respect to relevant capital employed.
	(iv). Modification required in the proposed SOR may be indicated if the dredging levy is continued to be levied separately without merging with the basic levy as proposed by the TPT.	It has furnished a statement working out the percentage of dredging levy on basic vessel related charges in respect of vessels berthed at deeper draught berths (excluding levy on container berths) which works out 36.67% on an average for the years 2004-05 to 2009-10. For the years 2007-08 to 2009-10, the dredging levy on basic vessel related charges (excluding levy on container berths) is at 27% on an average.
	(v). (a). Please furnish a copy of the loan agreement with the IDBI indicating the rate of interest, tenure of loan and the repayment schedule. (b). A detailed debt servicing schedule for the entire period of the loan taken from the IDBI to refinance the project. (c). Furnish detailed analysis done by the port for its decision to refinance the yen loan with Indian currency. Also, forward a copy of the approval granted by the Competent Authority to the proposal for refinancing of the loan.	The TPT has furnished a copy of loan agreement, detailed debt servicing schedule for the loan taken from IDBI and a detailed analysis done by the port to refinance the loan with Indian currency.
(3).	**Traffic:**	
(i).	The cargo traffic is anticipated to increase by 18% in the year 2007-08 and 30% in the year 2009-10 over the traffic projections of the respective previous year. As against	The increase in cargo traffic in the year 2007-08 over the previous year is 6% and not 18%. In 2009-10, the cargo traffic is anticipated to

	this, the number of vessels is projected to increase by 5% and 13% during the corresponding years over the vessel traffic estimations of the respective previous years. Explain the reasons for variation in the growth projected in the cargo traffic vis-à-vis vessel traffic for these two years.	increase by 30% over the previous year due to the handling of coal (5.00 million tones) by NLC in the North cargo berth. However, the capital dredging project of 12.8 mtrs. draught is also anticipated in 2009-10 leading to enhanced parcel size of vessels in 2009-10 by nearly 30%. The beneficiaries are industrial coal, thermal coal, container vessels etc. Hence, the 30% increase estimated in the traffic projections in 2009-10 is fully justified. No adjustment is required in the income estimation for the concerned years.
(ii).	Confirm whether the traffic forecast for the years 2007-08 to 2009-10 are in accordance with the 5 years / annual plan and current / expected growth. Furnish a copy of the target fixed by the Government for the years 2007-08 to 2009-10.	Traffic forecast for the year 2007-08 to 2009-10 is based on the B.E. 2007-08 i.e. 184.00 lakh tonnes and is increased by 5% every year. This is slightly different from the target fixed by the Ministry as the trend in traffic justify only 5% increase. It has furnished the copy of the target fixed by the Government.
(iii).	(a). Additional cargo-wise traffic anticipated to be handled on commissioning of additional coal berth for Tamilnadu Electricity Board, construction of berth No.9 and construction of 3 shallow draft berths may be indicated.	Additional 5 million tonnes have been considered in 2009-10 in respect of north cargo berth for handling coal for NLC.
	(b). Indicate the additional traffic likely to be handled due to the proposed investments on construction of berth No.9 and 3 shallow water berths envisaged to be operational from the year 2008-09 onwards.	The cargo Berth No.9 and 3 shallow water berths will have an annual capacity of 1.5 million tones and 0.75 million tonnes respectively. For NLC, 5.00 Million tonnes is considered and for shallow berths 5% increase in traffic over previous year is considered.
	(c). Clarify why berth hire charges in respect of the berths proposed to be newly constructed cannot be estimated separately based on the cost of the investments at the respective berths and cost of their operations instead of the proposal to bracket all berths together.	While the berths are constructed anticipating the volumes, the occupancy of the berths depends on various factors like congestion, availability of other similar berths like deep draft berths, general cargo berths etc., and hence, the berth hire charges on account of construction of new berths cannot be exactly identified distinctly. Hence, the vessels have been grouped according to the draft characteristics, viz., deep draft berths, earmarked berths or jetties/non-deep draft berths.
(4).	**Income**	
(i).	The estimate of vessel related income from foreign going vessels denominated in dollar terms may be adjusted with reference to the prevailing exchange rate. Also, indicate the reduction anticipated in the vessel related income on account of this adjustment separately.	The dollar rate on the date of hearing is reported to be 1 US $= Rs.40.55. It has accordingly made suitable adjustment in the vessel related income in the revised cost statement filed on 20 August 2007.
(ii).	Income from usage of port's marshalling yard is estimated at 50% over and above the existing storage fee for covered / open area as against 150% increase over the present storage fee proposed in the separate proposal filed in this regard. The income from this tariff item may be modified in line with the tariff increase proposed by the port. Indicate the actual income earned at the proposed tariff levied on adhoc basis from July 2006 onwards.	The income from the usage of ports marshalling yard is worked out with respect to average earnings per usage of covered space of the port. That does not denote any linkage with respect to fixation of the said rate based on existing storage fee for covered space.
(iii).	(a). Please indicate the nature and quantum of 'congestion levy'.	The 'congestion levy' is collected as deemed shifting charges in order to quicken the process of clearance of vessels pertaining to Urea, MOP and Rock Phosphate by shifting of vessels to other vacant berths of lower draft. The amount of congestion levy collected during the year 2005-06 is Rs.4.12 lakhs and Rs.4.18 lakhs in 2006-07 (upto February 2007).

<table>
<tr><td></td><td>(b). Furnish an analysis of reduction observed in bunching of vessel at the Tuticorin Port on account Re. 1 PMT levied towards congestion w.e.f. from May 2005 with reference to the position obtained prior to introduction of the congestion levy. Congestion levy is generally introduced to relieve temporary congestion and need not be a permanent levy. TPT may consider to review continuing with the congestion levy approved by this Authority vide Order dated 20 January 2006.</td><td>Congestion levy is only a facilitating mechanism to speed up the vessel clearance when the same is required for incoming vessels waiting for berths. The congestion levy is to stand as a permanent arrangement in the interest of the clearance of vessels at the time of congestion in the backdrop of handling dusty cargoes in specific number of berths only, to meet environmental requirements.</td></tr>
<tr><td>(5).</td><td>Capacity:</td><td></td></tr>
<tr><td>(i).</td><td>The capacity utilisation indicated at 100% in Form No.2A does not appear to be correct since the actual traffic handled for the years 2004-05 and 2005-06 and estimated traffic for the subsequent years are found to be lower than the designed capacity assessed by the Port. The capacity utilisation may be corrected based on actual traffic handled/estimated for the years 2004-05 to 2009-10.</td><td>As per the guidelines of this Authority, maximum permissible return will be allowed for capacity utilisation of 60% and above. The capacity utilisation is taken as 100% as total traffic actually handled is more than 60% from 2004-05 upto 2007-08. In respect of 2008-09 and 2009-10, the actual capacity utilisation in the projected traffic is 59.07% in 2008-09 and 54.54% in 2009-10. The capacity utilisation is less than 60% due to inclusion of dredging project in 2009-10. The enhanced capacity out of the project will be utilised only during the subsequent years.</td></tr>
<tr><td>(ii).</td><td>Furnish increase in the capacity envisaged in view of the investments proposed for construction of coal berths, shallow draft berths, etc. and also on account of productivity improvements expected to be achieved. Furnish detailed computation of capacity estimation for the years 2007-08 to 2009-10.</td><td>The increase estimated in the capacity of different cargo items for the year 2007-08 to 2009-10 is tabulated below:
(in Milliion tonnes)
<table>
<tr><th></th><th>POL</th><th>Coal</th><th>Container</th><th>Misc. Cargo</th><th>Total Capacity</th></tr>
<tr><td>Existing</td><td>2.30</td><td>6.250</td><td>5.0</td><td>7.0</td><td>20.550</td></tr>
<tr><td>2007-08</td><td>----</td><td>---</td><td>---</td><td>---</td><td>20.550</td></tr>
<tr><td>2008-09</td><td>1.875</td><td>6.775</td><td>1.875</td><td>1.875</td><td>32.95</td></tr>
<tr><td>2009-10</td><td>----</td><td>5.0</td><td>4.80</td><td>3.75</td><td>46.50</td></tr>
</table></td></tr>
<tr><td>(6).</td><td>Operating Cost:</td><td></td></tr>
<tr><td>(i).</td><td>The operating cost relating to cargo handling and storage for the years 2006-07 is estimated to increase by 13%, port and dock facility by 7% and estate activity by 50% over the actuals of the previous year. Likewise, the management and general administration overheads are estimated to increase by 5.5% for the year 2006-07 over the previous year. As per clause 2.5.1 of the revised tariff guidelines, the escalation in expenditure projections should be with reference to the current Wholesale Price Index (WPI) which is reported at 4.5% for the year 2005-06 and adjusted for the traffic growth. In the light of this position, justify the escalation in the cost estimations beyond the stated level.</td><td>The figures for 2006-07 in respect of operating cost is based on the budget estimates and with respect to the requirement for 2006-07. Hence, the revised guidelines providing for escalation in expenditure with reference to current wholesale price index is not necessary for 2006-07. For the subsequent years, an increase of 5% is expected. This is within the admissible expenditure level.</td></tr>
<tr><td>(7).</td><td>Finance and Miscellaneous Expense:</td><td></td></tr>
<tr><td>(i).</td><td>Furnish the basis of considering pension payment at a constant figure of Rs.4 crores per annum for each of the years 2004-05 to 2009-10.</td><td>The pension payment is considered at constant level at Rs.4 crores per annum for each of the years from 2004-05 to 2009-10. It is an approximate amount computed @ 15% of annual salaries and wages (Basic pay + D.A) to meet annual pension fund liability and 8.33% towards gratuity for each year.</td></tr>
<tr><td>(ii).</td><td>Confirm that one time expenses like arrears in wages, pension, VRS compensation, etc. are not included in the cost statement as per clause 2.5.2 of the revised tariff guidelines.</td><td>Arrears in wages, pension, VRS compensation are not included in the cost statement.</td></tr>
<tr><td>(iii).</td><td>The minutes of the meeting of the Board of Trustees of TPT dated 4 November 2006 (forwarded along with the proposal) contains a general statement to recover the accumulated deficit in the pension fund through a separate special rate. There is no concrete proposal in this regard.</td><td>The actuarial valuation of Pension Fund liabilities is Rs.200 crores as on 1.4.2006. As against this, the actual pension fund accumulated is Rs.117 crores. Therefore, the shortfall is to the extent of Rs.83 crores. This is proposed to be recovered over five years at</td></tr>
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<tr><td></td><td></td><td>the rate of Rs.16 crores per annum as separate pension fund levy.

Subsequently, the TPT has furnished a separate proposal vide letter no. A-1/1/2006-COST dated 31/5/2007 for recovery of Rs.16.60 crores per annum over five years period by proposing pension fund levy of 10.35% on the proposed cargo handling and vessel related charges.</td></tr>
<tr><td>(iv).</td><td>(a). Furnish details relating to the pension liability as per the actuarial valuation done by the LIC of India, contributions made to the pension funds, additional contributions if any, made to meet the shortfall on the actuarial valuation and estimated pension payment for each of the years 2006-07 to 2009-10. A detailed computation of the actuarial valuation of pension by the actuaries appointed by the TPT may be furnished along with the report.</td><td>The pension fund liability gratuity and Superannuation fund liability as per actuarial valuation done by LIC of India as on 1 June 2006 are as follows:
Rs.in crores<table><tr><td>(a)</td><td>Existing employees superannuation fund</td><td>104.85</td></tr><tr><td>(b)</td><td>Existing employees Group Gratuity Fund</td><td>17.07</td></tr><tr><td>(c)</td><td>Existing pensioners pension fund liability</td><td>81.00</td></tr><tr><td>(d)</td><td>Total</td><td>202.98</td></tr></table>It has furnished detailed computation of recovery of shortfall in the pension fund based on the actuarial valuation from cargo and vessel related charges @ 10.35% over five years period from 2007-08 onwards.</td></tr>
<tr><td></td><td>(b). Indicate the actual Pension fund balance as on 31 March 2007. Also, indicate the contribution made to the pension fund for the period 1 April 2007 upto 30 June 2007.</td><td>The actual pension fund balance as on 31.3.2007 was Rs.113.91 crores. The contribution made to the Pension Fund for the period from 1.4.2007 to 30.6.2007 is Rs.2.00 crores.</td></tr>
<tr><td></td><td>(c). Explain the reasons for excluding the estate income and railway income from the proposed special rate of 10.35% to recover the shortfall in the pension fund liability in the light of the fact that the pension liability will include the liability pertaining to employees deployed in railway activity and estate activity also.

The TPT may alternatively exclude the pension liability of the employees who are deployed in the railway activity and estate activity from the pension fund liability for the purpose of arriving at the special rate on cargo / vessel related activity.</td><td>In the revised cost statement, the Pension Fund requirement is proposed alongwith the consolidated cost statement to work out the surplus deficit. Hence the question of recovery from estate income and railway income does not arise. However, it is pertinent to mention that being a post retirement benefit extended to the employees, the question of compartmentalization of such liability is not necessary. Hence, the treatment followed by TPT may be agreed to.</td></tr>
<tr><td></td><td>(d). The interest likely to be earned during three years 2007-08 to 2009-10 may also be considered while arriving at the shortfall in the pension liability.</td><td>Actuarial valuation already takes into account the interest income. Hence there is no need to make any change in the present working.</td></tr>
<tr><td>(8).</td><td>The revised guidelines are applicable from 31 March 2005. Therefore, the treatment given by the TPT in respect of depreciation, royalty receivable from the PSA SICAL Terminals Limited, return on capital employed may be considered in line with the approach followed prior to the issue of the revised tariff guidelines for the financial years prior to 2005-06. The revised guidelines may be applied for the period subsequent to 31 March 2005 i.e. from the year 2005-06 onwards.</td><td>As directed by this Authority, the elements of depreciation and royalty receivable from PSA SICAL and return on capital employed are considered with respect to the revised guidelines from the year 2005-06 onwards.</td></tr>
<tr><td>(9).</td><td>Depreciation:</td><td></td></tr>
<tr><td>(i).</td><td>The computation of depreciation as per the Companies Act is in line with clause 2.7.1. of the revised tariff guidelines. The estimation of depreciation as per the Companies Act considered in the tariff fixation process is, however, found to be Rs.653.44 lakhs, Rs.644.39 lakhs, Rs.1118.65 lakhs and Rs.2602 lakhs higher during the</td><td>Comparative statement showing the depreciation rates adopted by the ports based on the Government guidelines and the provision available in the Companies Act is enclosed. Therefore, the deviation is to be admitted. The major difference between the</td></tr>
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<tr><td></td><td>years 2006-07 to 2009-10 respectively as against the depreciation estimated based on the life norms prescribed by the government in its Annual Accounts/Estimates. Explain the reasons for such wide variation in the depreciation computation. Also, indicate the rate of depreciation followed by the port in maintaining the books of accounts and depreciation rate considered as per the Companies Act for each of the asset groups.</td><td>methods of depreciation in Companies Act vis-à-vis port procedure approved by Government is the block depreciation provided in the Companies Act vis-à-vis depreciation for individual assets with different life periods as prescribed by the Government and adopted by port.</td></tr>
<tr><td>(10).</td><td>(i). Furnish detailed computation of royalty receivable for the years 2007-08 to 2009-10 indicating the throughput considered and the royalty per TEU receivable as per the terms of the L.A.</td><td>The detailed computation of royalty receivable from 2007-08 and 2009-10 is furnished as below:
<table>
<tr><th rowspan="2">Year</th><th rowspan="2">Throughput</th><th colspan="2">Royalty Rate per TEU</th><th rowspan="2">Total Amount of Royalty (Rs.in Lakhs)</th></tr>
<tr><th>1st April to 14th July</th><th>15th July to 31st March</th></tr>
<tr><td>2007-08</td><td>359,600</td><td>748</td><td>1010</td><td>3360.95</td></tr>
<tr><td>2008-09</td><td>423,500</td><td>1010</td><td>1313</td><td>5191.42</td></tr>
<tr><td>2009-10</td><td>465,850</td><td>1313</td><td>1641</td><td>7205.04</td></tr>
</table></td></tr>
<tr><td></td><td>(ii). Though the cost statement considers 50% of this revenue share as the income of the port for tariff review exercise, it is silent about the balance 50% required to be transferred to the Escrow Account to be created for this purpose as per the revised tariff guidelines. Indicate the investment (activity-wise) relating to creation / modernisation of port infrastructure which is proposed to be funded from the Escrow Account for the years 2007-08 to 2009-10.

Please note that the investment made out of the Escrow Account will not qualify for ROCE. Also, note that the entire accrual in the Escrow Account will be taken as revenue of the port for tariff fixation purpose, if the funds in the Escrow Account are found to have been not utilised within five years as stipulated in clause 2.8.3 of the tariff guidelines.</td><td>The clause 2.8.3. of the revised tariff guidelines prescribe opening of escrow account and utilisation of the amount transferred to escrow account within 5 years. In as much as the stipulation of the TAMP guidelines is for the years from 2005-06, the instance of providing evidence for utilisation of the said amount does not arise upto 2009-10. Therefore, it is not found necessary to modify Form 4. The comments of this Authority that investment made out of the escrow account will not qualify for return on capital employed are noted.</td></tr>
<tr><td>(11).</td><td>Capital employed:</td><td></td></tr>
<tr><td>(i).</td><td>(a). The TPT has proposed addition to the gross block to the extent of Rs.28.97 crores, Rs.56.29 crores, Rs.208.00 crores and Rs.524.25 crores for the years 2006-07 to 2009-10 respectively. Details of the project / feasibility reports relied upon for taking such investment decisions may be furnished along with recommendations contained in these reports.</td><td>It has furnished details of present status of capital expenditure on the major additions proposed to the gross block of assets as given below:
(Rs. In crores)
<table>
<tr><th>S No.</th><th>Particulars</th><th>2007-08</th><th>2008-09</th><th>2009-10</th></tr>
<tr><td>(1).</td><td>Construction of coal berth at NBW for</td><td>---</td><td>40.00</td><td>---</td></tr>
<tr><td>(2).</td><td>Construction of berth No.9</td><td>---</td><td>40.00</td><td>--</td></tr>
<tr><td>(3).</td><td>Construction of shallow draught berth</td><td>----</td><td>30.00</td><td>---</td></tr>
<tr><td>(4).</td><td>Procurement of equipment / floating craft</td><td>----</td><td>25.00</td><td>23.90</td></tr>
<tr><td>(5).</td><td>Replacement of tug / equipment</td><td>25.64</td><td>38.00</td><td>---</td></tr>
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<table>
<tr><td></td><td>(b). Please furnish the present status of execution of the proposed projects which are included in the capital employed for the years 2006-07 to 2009-10.</td><td><table>
<tr><td>(5).</td><td>Replacement of tug / equipment</td><td>25.64</td><td>38.00</td><td>---</td></tr>
<tr><td>(6).</td><td>Deepening of channel/ berths etc dredging the dock basin</td><td>----</td><td>----</td><td>450.00</td></tr>
<tr><td>(7).</td><td>Upgradation of port electrical system</td><td>---</td><td>---</td><td>50.00</td></tr>
<tr><td>(8).</td><td>Others</td><td>35.55</td><td>11.80</td><td>1.28</td></tr>
<tr><td></td><td>Total</td><td>61.19</td><td>184.80</td><td>525.18</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>(a). Justify the reasons for considering the proposed investments of Rs.40 crores in construction of coal berth at NBW for NLC and Rs.80 crores in construction of berth Nos. 9 and shallow of draught berth in the year 2008-09, when no significant growth in the traffic on account of these investments is envisaged.</td><td>(a). The investments in respect of coal berth at NBW for NLC is meant for commissioning in 2009-10 to accommodate 5 million tonnes of thermal coal meant for NLC and has been incorporated in the traffic projections. The traffic meant for 3 numbers of shallow water berths is already taken into consideration in the traffic projections for 2009-10.</td></tr>
<tr><td></td><td>(b). Indicate the sanctioned amount of the capital expenditure proposed towards deepening of channels/berths and the year-wise plan of the capital expenditure. Furnish a copy of the said project report.</td><td>(b). The plan expenditure for deepening the approach channel and harbour basin to 12.8 mtrs draught is over a period of 18 months spread over from 2007-08 to 2008-09 at a total cost of Rs.442 crores. A copy of the Project Report is furnished to substantiate its estimates.</td></tr>
<tr><td></td><td>(c). Confirm if the work has been awarded. If so, furnish the details.</td><td>(c). The prequalification of the bidders is over. The tender document is open for sale from 26 July 2007. In principle approval of the Government is obtained. The financing plan is awaiting the approval of Cabinet.</td></tr>
<tr><td></td><td>(d). Indicate the tentative period when the proposed project is likely to commence and the period of completion.</td><td>(d). The period of the project is for a period of 18 months proposed for opening for traffic in 2009-10.</td></tr>
<tr><td></td><td>(e). Clarify whether the proposed investment will benefit all the size of vessels or is it particularly for vessels availing specific berths with deep draft facility.</td><td>(e). The investment is intended to benefit all existing deep draught vessels arriving at the port especially Thermal Coal Vessels and main line container vessels and also will attract new container and bulk cargo vessels of higher parcel size. Impact is already included in the traffic projections.</td></tr>
<tr><td>(iii).</td><td>Confirm that only completed and commissioned assets are shown under capital employed and also condemned and fully depreciated assets are excluded.</td><td>It is confirmed that only completed and commissioned assets are shown under capital employed and condemned and fully depreciated assets are excluded.</td></tr>
<tr><td>(iv).</td><td>Furnish estimated reduction in the unit operating cost, if any, estimated additional traffic, estimated increase in capacity, improvement in operational efficiency on account of each of the proposed additions to the gross block for each of the projects for the years 2006-07 to 2009-10.</td><td>The impact of the proposed investments on increasing the throughput/capacity, reduction in unit operating cost, etc., with reference to each of the proposed addition is not possible as the addition to the capacity pertains to a block of uniform facilities like, deep draft berths, non-deep draft berths and dedicated jetties.</td></tr>
<tr><td>(v).</td><td>The individual sub-activity-wise cost statements may be updated with the classification of assets as per format prescribed by this Authority.</td><td>The sub-activity-wise cost statements are already updated with the classification of assets as per the format prescribed by this Authority.</td></tr>
<tr><td>(vi).</td><td>(a). Furnish detailed computation of revised capital employed duly classifying the assets into business assets, business related assets and social obligation assets. Also, furnish the relevant details activity wise/sub-activity wise.

(b). Explain specific reasons for the variation observed in the gross block of assets considered in the year 2006-07</td><td>(a). The classification of assets as furnished earlier under Format 4B stand as there is no change in the schemes meant for completion for the years 2007-08 to 2009-10.

(b). The depreciation as per Companies Act 1956 is applied on the Net Block Value of</td></tr>
</table>

<table>
<tr><td></td><td>with the closing balance of the previous year or make suitable correction in the cost statement.

(c). Confirm that the categorisation of assets as business related assets and social obligation assets is in line with clause 2.9.8. of the revised tariff guidelines. Categorisation of assets pertaining to school building of the port, employees' quarters, etc., may be explicitly indicated alongwith the rationale for such classification.

(d). Clarify under which category the proposed investment of Rs.20 crores in the years 2007-08 for widening of port roads and Rs.25 crores for the project of NH 7A in the year 2008-09 are classified for computation of ROCE. Also, confirm whether such a classification is as per the terms of the revised tariff guidelines</td><td>assets as on 31 March 2005 coinciding with the implementation of TAMP guidelines. Hence, the value as on 31 March 2006 will be different from what the figures reported in the Balance Sheet as on 31 March 2006.

(c). It has confirmed that the categorisation of assets as business related assets and social obligation assets is in line with clause 2.9.8. of revised tariff guidelines. The assets pertaining to school building of the port, employee's quarters etc. are explicitly indicated as required.

(d). Proposed investment of Rs.20 crores is for internal roads and is therefore classified as business asset. The investment of Rs.20 crores on widening of internal roads is meant for converting the existing two lane road into four lane road within the port limits from wharf end to outside the port check post to facilitate quick movement of vehicles, equipments plying in the port.

The amount of Rs.25 crores is contribution to Tuticorin Port Road company Ltd., and hence is excluded from capital employed in the revised cost statement.</td></tr>
<tr><td>(vii).</td><td>(a). The estimation of sundry debtors, cash balance in computation of the working capital is not found to be per the norms prescribed in the revised tariff guidelines. Modify these estimates in line with clause 2.9.9. of the revised tariff guidelines.</td><td>The estimation of sundry debtors, cash balance in respect of working capital is updated with respect to the revised tariff guidelines and the same is incorporated in the revised cost statement.</td></tr>
<tr><td></td><td>(b). The basis of estimation of current liabilities for the years 2006-07 to 2009-10 may be justified with reference to the actuals reported in the Annual Accounts for the past three years.</td><td>The estimation of current liabilities for the years 2006-07 to 2009-10 is justified with reference to the actuals reported in the Annual Accounts for the past three years subject to the escalation in costs.</td></tr>
<tr><td>(12).</td><td>(i). The expenditure relating to the electricity overheads excluded from the net surplus / deficit in view of the separate proposal filed by TPT for fixation of levy for recovery of overhead charges on electricity do not match with the electricity overheads estimated by the TPT in that proposal. Please modify these figures to ensure that the electricity overheads excluded from the general revision proposal tallies with the separate proposal filed by the TPT in this regard.</td><td>The expenditure relating to electricity overheads excluded from the revised cost statements is based on R.E. 2006-07. The estimation of electricity overheads consolidated in the separate proposal filed by the TPT is modified to that extent.</td></tr>
<tr><td></td><td>(ii). Since this tariff revision exercise pertains to the next three years i.e. 2007-08 to 2009-10, the adjustment by way of excluding the overheads relating to electricity from the general revision of tariff may be considered from the years 2007-08 onwards and not for the past period 2004-05, 2005-06 and also 2006-07.</td><td>The direction of this Authority to exclude the electricity overheads from 2007-08 onwards is confirmed.</td></tr>
<tr><td>(13).</td><td>(i). With reference to the submissions made in Form 6, please furnish detailed computation of Rs.58.67 lakhs savings reported due to improvement in the berth day out of ship. Also, indicate where the savings achieved by the port is reflected by way of reduction in per unit cost in the cost statement.</td><td>The TPT has furnished a statement to show the savings due to improvement in productivity:

(Rs. in lakhs)
<table>
<tr><th>Particu-lars</th><th>04-05</th><th>05-06</th><th>06-07</th><th>07-08</th><th>08-09</th><th>09-10</th></tr>
<tr><td>Tonnage handled</td><td>158</td><td>171</td><td>173</td><td>183</td><td>195</td><td>254</td></tr>
<tr><td>Fixed cost per tonne</td><td>21</td><td>20</td><td>21</td><td>20</td><td>20</td><td>15</td></tr>
<tr><td>Variable cost per tonne</td><td>23</td><td>19</td><td>22</td><td>21</td><td>23</td><td>24</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td>(ii). Furnish a detailed analysis to conclusively establish that the savings, if any achieved, in the cost is due to efficiency / productivity improvement. Also, indicate that at the same level reduced per unit cost is estimated for the future period 2007-08 to 2009-10 for claiming the benefit of efficiency improvement in this tariff validity cycle.</td><td>The capacity addition during 2007-08 to 2009-10 do not bring 100% capacity in initial years while expenditure projections do not increase in the same proportion especially in respect of fixed cost. Therefore, the same level of reduced unit cost is not possible for estimation.</td></tr>
<tr><td></td><td>(iii). The revised tariff guidelines stipulate the tariff should be linked to benchmark levels of productivity. TPT has not indicated anything about productivity levels to be maintained for various operations / services. The TPT has reported that the ship berth-day output has improved to 5392 tonnes in the year 2005-06 from 3900 ship berth-day output achieved in 2001-02.

If benefit of efficiency improvement is to be considered in this tariff cycle, the TPT may consider prescribing the improved productivity level achieved in the ship berth-day output during the year 2005-06 as the benchmark level in its Scale of Rates. Also, propose a suitable scheme to allow rebate over the notified rates if productivity falls below the benchmark level.</td><td>The direction of this Authority to allow rebate over the notified rates with productivity falling below the benchmark level is not practical in its case. The port facilities and ship's own facilities work alternatively without any strict stipulation for use of port's equipment or to use ship's derricks. In the circumstances, port cannot assume responsibility for poor performance. Also, for the same reason, TPT cannot indicate any prescribed productivity levels for various operations for the services in the absence of compact service by port alone/user alone.</td></tr>
<tr><td>(14).</td><td>Form 7.</td><td></td></tr>
<tr><td>(i).</td><td>The working capital was considered as nil in the last tariff Order for reasons already explained in the said Order. As against this position, the capital employed considered for the years 2002-03 and 2003-04 with reference to actuals is found to include working capital. Since this analysis is to compare the actuals vis-à-vis the estimates considered in the last tariff Order, the computation of capital employed may be modified maintaining the position / approach followed in the last tariff Order.</td><td>The direction of this Authority to calculate working capital considering the estimates in the last tariff order is complied with in Form 3A.</td></tr>
<tr><td>(ii).</td><td>The TPT has continued to levy the tariff approved in September 2002 for the period beyond 2003-04. The analysis of the surplus/deficit for the past period may, therefore, also include actuals for the period 2004-05 to 2006-07. The approach followed in the last tariff Order and the revised tariff guidelines applicable from 31 March 2005 may be applied while analysing the financial position for these years.</td><td>(a). This Authority vide the Order dated September 2002 wanted the port to review the tariff within six months of the date of the Order. Therefore, the surplus/deficit for the years 2002-03 and 2003-04 have been considered for the purpose of working out the surplus or deficit for the past period. Figures for 2004-05 to 2006-07 form part of the current revision exercise and hence not considered in the calculation of surplus/deficit for the past period.

(b). The net surplus/deficit including dredging activity considered in our last tariff Orders for the years 2002-03 and 2003-04 vis-à-vis the actuals indicated in Form 7 furnished alongwith the initial proposal is given below:

Rs. in lakhs<table><tr><th>Year</th><th>Net surplus as per 2002 Order</th><th>Actuals as per Form-7</th></tr><tr><td>2002-03</td><td>804.69</td><td>- 406.75</td></tr><tr><td>2003-04</td><td>725.58</td><td>- 272.82</td></tr></table></td></tr>
<tr><td>(15).</td><td>Justify the reasons for proposing increase in the cargo handling charges to the extent of 15% to 42% in the light of the fact that the cargo handling activity reflects an average revenues surplus of 41% for the years 2007-08 to 2009-10.</td><td>As already detailed in the previous revision exercise, the issue of removing of cross-subsidisation across the services is inevitable in the current port scenario involving high vessel related cost and the need to give concessional rates for vessel related charges in the interest of international trade. Similarly, within the services like cargo handling services, the demand for handling certain cargo items are highly elastic with respect to the rates prevalent in neighbouring ports,</td></tr>
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<table>
<tr><td></td><td></td><td>thereby requiring reduced rates. This would not be granted diluting the existing revenues; but, is to be continued by means of increase in rates for other cargo items which are inelastic in their demand for call at the ports like captive cargo of Thermal Coal, Copper Concentrate, POL Products etc. This has led to the differential rates of increase/decrease by the port so as to have competition in the southern waters.</td></tr>
<tr><td>(16).</td><td>Clause 2.11.4. of the revised tariff guidelines stipulates that cross subsidisation shall be restricted with the ultimate objective of phasing it out. Since, no reduction is proposed in the surplus generating activities, cross subsidisation is already available from the surplus cargo handling activities to the vessel related activities which are in deficit.

Clause 2.11.3 of the revised tariff guidelines states that no increase is to be allowed in the surplus activities if such increase is sought to prescribe lower tariff for other any sub activity/service/facility or otherwise. The proposal of TPT seeking hike in surplus activity is not found to meet this clause of the revised tariff guidelines and its impact likely to increase the flow of cross subsidisation. Please comment.</td><td>Though clause 2.11.4. of the revised tariff guidelines stipulate for restriction of cross subsidisation and finally phasing it out, the actual scenario in ports like differential tariff due to the port incurring a huge expenditure on capital dredging from its own resources in the interest of international trade make the vessel related charges costlier in the port. Therefore, the concept of non-allowing of any increase in the surplus generating activities cannot be imposed on the ports with the above constraint of operations. Ports should have the leverage to make moderation or differential treatment in price fixation for certain cargo items considering the nature of captive/non-captive cargoes so as to increase their throughput. Hence, this Authority is requested to consider the proposal in the backdrop of constrains expressed above and approve the differential treatment in respect of the issue of surplus/deficit activity.</td></tr>
<tr><td>(17).</td><td>Furnish a statement indicating additional revenue likely to accrue to the TPT for each of the years 2007-08 to 2009-10 on account of the following modifications proposed in the Scale of Rates:

(i). Revision proposal in the existing Scale of Rates (activity-wise/sub-activity wise details).

(ii). Modification proposed in the existing conditionalities (for each of the proposed modification having financial impact).

(iii). New tariff items (item-wise)

(iv). New conditionalities (item-wise).</td><td>Impact of the modifications proposed in Scale of Rates is as follows:

(Rs. in lakhs)
<table>
<tr><th>Sl. No.</th><th>Particulars</th><th>Impact</th></tr>
<tr><td>i.</td><td>Revision proposed in the existing Scale of Rates (activity-wise/sub-activity wise details).</td><td>- 715.40</td></tr>
<tr><td>ii.</td><td>Modification proposed in the existing conditionalities (for each of the proposed modification having financial impact).</td><td>NIL</td></tr>
<tr><td>iii.</td><td>New tariff items (item-wise)
(a) Deemed shifting charges.
(b). Charges for usage of Marshalling yard.</td><td>
25.97
18.00</td></tr>
<tr><td>iv.</td><td>New conditionalities (item-wise).</td><td>NIL</td></tr>
</table></td></tr>
<tr><td>II.</td><td>General</td><td></td></tr>
<tr><td>(i).</td><td>This Authority has allowed flexibilities to all major ports to reduce the rates prescribed in its SOR at their discretion mainly on commercial consideration. Such reduction, if any, affected by the TPT may be listed out and the consequential effect of such concessions granted on growth of traffic and impact on reduction of revenue may be analysed item-wise and furnished.</td><td>➢ Concession offered to the tune of Rs.88.34 lakhs in 2004-05 to package marine charges for container vessels of 16001 to 21000 GRT and beyond 21000 GRT. This resulted in increase in traffic of direct vessel calls from Singapore/Klangin in the east and Salah in the west.

➢ Concessions offered based on the Government's direction to give 65% concession to main line container vessels of above 1800 TEUs capacity (impact of</td></tr>
</table>

		Rs.382.24 lakhs). Similarly, 10% concession introduced on other vessels with effect from 1.7.2004 upto 31.3.2005. However, both the concession did not result in appreciable improvement in the container traffic during the period. 10% concession for newly introduced main line container vessel and Norasian lines were offered in 2005-06. Concession of Rs.33.49 lakhs was offered as a result four new lines called at the port.
(ii).	Explain the action taken by TPT with reference to Chapter 7 of the revised tariff guidelines.	Proposal for fixation of charges for Tuticorin Port Trust Cargo Handling Labour Pool, a scheme administered by virtue of Memorandum of Settlement through the Traffic Manager of the Tuticorin Port Trust is submitted which is for consideration with the Authority. Another proposal to fix rates for mobile crane supplied by M/s. PSTS & Sons, has also been submitted to the Authority. Regarding other authorised service providers, the port is taking action to submit the proposal to the authorities by collecting it from the concerned authorised service providers.
III.	**Scale of Rates**	
(1).	Chapter I – General Terms and conditions	
(i).	The proposed provision at note no. vi (b) relating to interest on delayed payments/refunds may be modified prescribing a specific interest rate based on the prevailing Prime Lending Rate of the State Bank of India.	The instruction to adopt the specific interest rate based on the prevailing prime lending rate of State Bank of India is incorrect.
(ii).	(a). With reference to the proposed provisions no.(x), (xi) and (xii), the port may comment on insuring the equipment and recovering the damages from the insurance company as recommended in clause 2.14. of the revised tariff guidelines.	IPA is studying the issue for common guidelines to be adopted by all the Ports.
	(b). The revised cost statements includes estimate of Rs.2 crores per annum for the years 2006-07 to 2009-10 towards insurance of port equipment/assets. Since the insurance cost is considered as an element of cost in the tariff revision exercise, the actual cost of damage, if any, to such equipment which are covered by Insurance arrangement can be recovered from the insurance company. The proposed note nos. (x), (xi) and (xii) may therefore be suitably modified in line with clause 2.14. of the revised tariff guidelines.	Port has not entered into any insurance package with any insurance company. Ports' insurance fund is less than the normally required fund size. The provision for insurance is towards the specific risks against natural calamities like floods, cyclones, Tsunami etc. The risks do not cover other damages due to operational issues. Hence, the damages caused to the account of the users while in operation in the port required to be covered by the existing general terms and conditions vide sl.no.x,xi,xii and hence the same are to be retained.
(iii).	The following general conditionality should be included in the proposed SOR as per clause 2.15. of the tariff guidelines: "Users will not be required to pay charges for delays beyond a reasonable level attributable to the port".	This conditionality is already incorporated in berth hire charges and anchorage fees and hence specific stipulation as shown in the guidelines does not arise.
(2).	**Schedule 1 – Port dues**	
(i).	Explain the reasons for modifying the unit of levy of port dues for coastal vessel restricting it upto maximum of three entries once in 30 days. Also, furnish the details of number of vessels which entered more than once in a month and those which entered more than three times in a month during the last three years.	The provision of payment of port dues for coastal vessels once in 30 days subject to a maximum of 3 entries is based on the earlier provisions of Indian Ports Act, 1908 and is being continued. The beneficiaries of this provision in its port are mostly thermal coal

	Since port dues is a fee for entry of a vessel, the practice of levying port dues for coastal vessel once in 30 days may be reviewed. Adjustment in the frequency of visit should be accompanied by reduction in the unit of levy.	vessels and 50% of oil vessels. For coal vessels alone it can reduce rate by 50% per entry. A statement in this connection is furnished which show that on an average a coal vessel enters the port twice every month.
(3).	**Schedule 2.1 – Pilotage fee**	
(i).	Explain the basis of arriving at the proposed tariff for the first slab, i.e. upto and inclusive of 30000 GRT for each group of berths. In view of submissions made by various users/ user association that most of the vessels arriving at the Tuticorin port are lower than 30,000 GRT, the TPT may consider to review the proposed three tier slabs such that the impact of the proposed tariff is not significant on any particular category of vessels which is predominant in the port.	It has furnished the average GRT of vessels handled in the respective berths. Subsequently, based on the discussions in the joint hearing, the slabs for Pilotage fee is retained as per existing Scale of Rates.
(ii).	Proposed note no.1. may be modified to explicitly state that the composite pilotage fee shall include shifting of vessels done for port convenience as well. The existing shifting element included in the composite fee may be separated and the unit rate of the composite pilotage fee may be reduced correspondingly.	The direction of this Authority to include shifting of vessels for port's convenience is noted. In view of its proposal to reduce the charges with respect to the current earnings, the existing shifting element of 25% and 50% may be retained as Towage and Pilotage activity taken together is in the losing proposition.
(iii).	General note no.2(b): Justify the proposed shifting charge at 25% / 50% of pilotage fee in case of shifting between the berths in the light of the fact that the charges for shifting to anchorage is also proposed at the same level. The TPT may consider to propose shifting charges between the berths on per GRT of vessel with reference to the cost of services provided for shifting a vessel between the respective berths without linking it to pilotage fee as advised in last tariff order and subsequent orders approving shifting charges for various movements. The charges may be proposed in 3 tier slabs with sliding rates on the incremental GRT as per clause 6.10. of the revised tariff guidelines.	(a). The percentage of 25% / 50% of pilotage fees in case of shifting between berths is with reference to the distance involved alongside the berths and across the performance in North Breakwater and South Breakwater. Charges for shifting to anchorage is equivalent to the full pilotage fee considering uniform operation of bringing the vessel from anchorage to the berth and vice-versa. In order to simplify the collection of shifting charges in the backdrop of nature of operations in Tuticorin Port, the shifting charges prescribed at certain percentage of pilotage fee may be retained. The question of sliding rates on the incremental GRT is automatically taken care of by the percentage of basic pilotage fee. Hence, the said classification may be retained. (b). It has subsequently vide letter No A-1/1/2006-COST dated 31/5/2007 submitted that cost based rates for shifting would very high and the trade might not accept it. Hence it has proposed shifting charges at 25% / 50% of pilotage charges for shifting between various berths.

(iv).	This Authority while approving the Order No.TAMP/22/2003-TPT dated 22 June 2004 relating to levy of pilotage fee for shifting of vessels not conforming to the productivity norms advised TPT to include broad guidelines regarding productivity norms to be complied by vessels. The TPT has, however, not considered the suggestion made by this Authority and has proposed to continue with the existing provision. TPT is again advised to adhere to the suggestion made by this Authority in this Order and propose suitable modification in note no.8 to bring in transparency in shifting mechanism.	The significance of prescribing productivity norms as the reason for shifting of vessels is accepted in principle. However, the principle cannot be very strictly applied to it considering the reasons for non-achievement of productivity norms like waiting for the berth, availability of sufficient number of lorries, usage of ship's gears for handling of cargo in berths not provided with wharf cranes, etc. Hence, some sort of subjectiveness and flexibility is required for retaining such delays and consequent loss in productivity taking into account the available requirement for the berths, and vessels waiting at the anchorage. The issue of shifting for non-performance based on productivity may not be insisted upon when the handling of the vessels by both the port as well as ship's own derricks and private equipment are strictly not comparable or correlated with the productivity norms.
(v).	Explain the basis and the reasons for introducing the proposed note no. 9(e) about levy of cleaning charges at Re.1 per tonne for removal of all bulk import/export spilled cargo including granite blocks and logs (but excluding general cargo and machinery). Examine whether this levy based on per tonne basis item can be merged with the wharfage charge. If so, please propose suitable modification in the draft proposed Scale of Rates.	In the revised proposed Scale of Rates filed subsequently, TPT has deleted the said conditionality from the pilotage schedule and shifted it to wharfage schedule.
(vi).	The proposed note no.3 already prescribes various movements of vessels, which will be treated as shifting for the port convenience. Explain the reasons, therefor, for introducing the proposed note no.10 giving discretion to Chairman TPT to decide port / agent's convenience for shifting of vessel on every occasion.	In order to overcome specific operational problems, the note no.3 is inserted.
(vii).	TPT may review the existing structure of shifting charge and propose it on per GRT of vessel with reference to the cost of services provided for shifting a vessel between the respective berths / anchorage without liking it to pilotage fee. The TPT may also attempt to rationalize and simplify this schedule.	A separate rate is worked out and submitted.
(viii).	Explain the basis of arriving at the proposed shifting charges on per GRT of a vessel in your subsequent letter dated 29 May 2007.	The proposed shifting charges are with reference to the existing pilotage charges and arrived at on the existing percentages for shifting between berths of North Break Water / South Breakwater and berths between North Break Water and South Break Water.
(4).	**Schedule 2.3. – Tug hire fees**.	
(i).	With reference to the hire charges for tug, launches prescribed in Sl. No.2 (i) and (ii), the TPT may consider to prescribe rates according to the capacity range of the craft instead of individual names.	The requirement of TAMP to fix the tug hire charges with respect to capacity, range of the craft is accepted and will be incorporated.
(ii).	The proposed note number 1 may be modified to state that tug service provided as part of shifting charge will also be without any charge since shifting charge includes tug services.	The requirement to include tug service within the ambit of shifting charge is incorporated.
(iii).	With reference to the proposed note number 5, please confirm that the plying of floating craft outside the port limits is not restricted by any other law / regulations particularly the Harbour Craft Rules of the TPT.	It is confirmed that port's floating crafts are eligible to ply outside the port's limit based on clearance from the statutory authority, viz., Mercantile Marine Department as well as Harbour Craft Rules of TPT.

(5).	**Schedule 2.4 - Berth hire fees.**	
(i).	Explain the basis of arriving at single berth hire rate for each group of berths as against the existing seven tier structure.	In view of the retention of existing slabs for berth hire charges as per the discussions held at the joint hearing, the issue of single berth hire charges is not relevant.
(ii).	In view of the concern raised by the users on the single berth hire rate proposed by the TPT, the port may examine the possibility of proposing two or three tier slabs based on the average position obtained for the past two years so that the impact of rationalisation is not significant on any particular category of vessels.	The issue is not relevant in view of the clarifications furnished in point 5(i) above. The slabs proposed in the revised proposed Scale of Rates are the same as at present. Hence, the users concern on the issue is addressed.
(iii).	(a). The existing SOR requires the concerned officer to give notice period of atleast 12 hours in advance to vacate the berth. Explain the reasons for proposing to reduce this notice period to 4 hours at Sl. No.4.	The period of notice of atleast 12 hours in advance to vacate the berth is with reference to the port's account in case of non-performance of the vessel to vacate. A notice period of 4 hours is prescribed for the purpose of the vessel to give vessel readiness signal and for cessation of berth hire after the period of 4 hours.
	(b). Broad guidelines / circumstances under which the Deputy Conservator will exercise to issue notice to a vessel to vacate the berth may be indicated and incorporated in the proposed Scale of Rates.	Already available in Scale of Rates under 2.4.1. Note No.(3).
	(c). Proposed provision at note No.3 relates to cessation of berth hire after the prescribed time limit and does not prescribe the broad guidelines for issuing notice to a vessel to vacate the berth. The TPT is again requested to propose broad guidelines/circumstances under which the Deputy Conservator will exercise to issue notice to a vessel to vacate the berth in the proposed Scale of Rates.	The Deputy Conservator will issue notice to a vessel to vacate the berth if the productivity norms are not complied with despite instructions to improve the same to ensure quick turnaround of the vessel in the Berthing Committee Meeting considering parcel size of the vessel and productivity mechanism of handling the said cargo in the respective berths.
(iv).	(a). Justify the proposed rebate of 20% in the berth hire charge if crane is not made available with reference to the cost of providing such a service. Since the unit of levy of berth hire on GRT of vessel is applicable on per hour basis, the unit of offering rebate should also be available correspondingly on per hour basis instead of per shift basis. The proposed note no.4(b) may be modified in the light of this observation. (b). Explain the reasons for deleting the rebate of 20% on the berth hire charge for non – crane berths in the subsequent letter of TPT dated 29 May 2007. (c). Please indicate the berths where the crane is provided by the port / authorised service provider. Clarify whether the existing / proposed berth hire charge includes cranage component in respect of berths where the cranes are provided by the private service provider authorised by	(a). Earlier TPT agreed to furnish a separate calculation in this regard. It has subsequently submitted that there is no justification for the proposed rebate and hence the proposal with the provision is withdrawn. (b). It has subsequently clarified that the clause providing for rebate of 20% of berth hire charges is retained and is not removed. What is proposed is the withdrawal of consent to introduction of rebate in berth hire for continuous one hour or more due to breakdown of port equipment or power failure or any other reasons attributable to the Port. This is because in Tuticorin Port, the ship derricks also work even if the wharf crane is available and the usage of wharf crane is at the option of the user. Hence, clear demarcation and identification of the time due to non-provision of wharf crane attributable to the port is not possible from operational point of view. Therefore, the said clause need not be incorporated. (c). TPT provides 3 numbers 20T ELL Wharf Cranes in Berth Nos. III and IV at present. In other berths, there is no provision of wharf cranes and hence rebate is allowed in such berths.

	the port. If so, the TPT may propose suitable reduction in the proposed berth hire to the extent of cranage component included in the berth hire since the users will have to pay hire charge of crane to the service provider.	
(v)	Flowing from the principles prescribed in the tariff guidelines, the TPT may incorporate the following conditionality: *“No berth hire shall be levied for the period when a vessel idles at a berth for continuous one hour or more due to breakdown of port equipment or power failure or any other reasons attributable to the port.”*	The said provision is incorporated as suggested by Authority.
(vi).	(a). The reasons for introducing the proposed note no.9 about levy of one day berth hire charge for cancellation of services requisitioned including amendment to berthing schedule, cancellation of berthing, amendment to computer entry, etc., may be explained in the light of the fact that such a tariff is not prescribed in the SOR of any other port. Clarify why such cancellation charges is not proposed as a specific rate as in case of pilotage fee instead of linking it to the berth hire charge. (b). The explanation furnished by TPT does not explain the reasons why the cancellation charges must be linked to berth hire, which is levied on GRT of a vessel hence our query was reiterated.	(a). The cancellation charges in note is a penalty for vessels in canceling the requisition, which should have linkage to GRT instead of uniform rate of penalty. (b). The linkage to GRT of the vessel is only to work out and fix the amount of charges payable. Hence, the same may be retained.
(6).	**Schedule 2.6 - Anchorage fees**	
(i).	(a). The various conditionalities prescribed under this schedule are not found to be in line with the conditions approved by this Authority vide Order No.TAMP/80/2003-TPT dated 15 March 2004. Explain the reasons for proposing these modifications in the existing conditionalities. (b). Indicate additional income likely to accrue to TPT on account of the proposed modification in the existing provisions relating to anchorage fee for each of the years 2007-08 and 2009-10 based on the statistical information available for the past period.	(a). The provision of levying anchorage charges if stay of vessels is more than 24 hours and 48 hours for vessels going to Maldives and to Colombo respectively is to permit such vessels from using anchorage space for stay without paying any charges which were omitted to be included in the earlier amendment. (b). Additional income from anchorage fee is already incorporated in the working. The average annual income comes to Rs.30.00 lakhs.
(ii).	(a). This Authority while approving anchorage fee as interim arrangement vide Order No.TAMP/80/2003-TPT dated 15 March 2004 had specifically advised the port to propose separate GRT based anchorage fee with reference to the location of anchorage depth available of anchorage, depth available thereat etc., without linking it with berth hire charges at the time of next tariff revision. The TPT has, however, not adhered to our suggestion while filing the instant tariff revision proposal. The proposed rates may be reviewed duly considering the advice rendered earlier.	In respect of anchorage fees, its earlier proposal was in the light of prescribing a penal charge on vessels for stay at anchorage for longer period. Prescribing per unit charge based on detention at anchorage is not relevant as it is not a service based facility for the vessels. Hence, this Authority may accept the port's proposal without any modification.
	(b). Anchorage fee on GRT basis with reference to the location of anchorage, depth available at anchorage etc., has been prescribed at some of the other major ports like Mumbai Port Trust, etc. The TPT is therefore, again requested to review the proposed anchorage fee duly considering the advice rendered earlier.	Unlike other ports, in Tuticorin Port, the depth available at anchorage is uniform and hence, fixing differential rates according to depth is not relevant. Hence, the port's proposal may please be retained.
(7).	**Schedule 3.1 - Wharfage dues.**	
(i).	Wharfage charge may be proposed based on the cost of handling and special care required to be taken while handling and storage of cargo as prescribed in clause 4.2.2. of the revised tariff guidelines. The TPT may	Wharfage charges directly based on cost of handling cannot of implemented suddenly in the current context since the element of cross subsidisation across the service level already

	accordingly consider rationalising and simplifying the wharfage schedule. Also, furnish a brief note explaining how the proposed wharfage schedule satisfies the stipulations of the revised guidelines.	exists between the cargo handling, storage and port & dock facilities.
(ii).	(a). The port has proposed 3% increase in the wharfage rate for a few commodities and 15% to 42% increase for a few other commodities despite the cost statement projecting 41% revenue surplus position for the three years under consideration. In this context, furnish a copy of the market survey analysis done by the port for arriving at the proposed wharfage rates.	The differential percentage of revision adopted for different cargoes is related to the sensitivity of the said cargo in the light of the Scale of Rates prevailing in the neighbouring ports of Chennai and Cochin. The users also wanted to have competitive rates for such sensitive cargoes so as to improve the throughput through the port. In the context, the issue of market survey analysis is not very much relevant except the feedback from the users for said differential treatment.
	(b). The proposed increase of 17% in coal and coke handled through coal jetty and 15% in POL products need to be justified in the light of the fact that these sub-activities i.e. coal handled at coal jetty is in surplus of 92% and oil handling activity reflects an average surplus of 87% for the three years under consideration.	Since there is a need for cross subsidisation within the service and across the service for reasons explained earlier, the increase in tariff of captive cargo are projected higher though the sub-activity relating to coal handling / POL handling are generating heavy surplus.
(iii).	Furnish the analysis done by the port for proposing differential increase in the wharfage based on segmental analysis of captive and non-captive cargo items.	In the light of the current proposal for reduction in vessel related charges and retaining existing charges except Industrial Coal (for which a 10% reduction is offered), the issue is not relevant.
(iv).	(a). Explain the reasons for classifying sulphur and rock phosphate under two categories i.e. as fertilizer and other than fertilizer. The differential rate proposed for sulphur and phosphate other than fertilizer may be justified with reference to the additional cost involved in handling this cargo with reference to cost involved for handling sulphur and rock phosphate as fertilizer.	The cargo rock phosphate is imported as fertilizer component for manufacturing finished fertilizers. At the same time, one company doing manufacturing activity also imports rock phosphate. Hence, in order to make a distinction and make a special rate for fertilizer materials, the differential classification of sulphur and rock phosphate is introduced.
	(b). With reference to the reply, it was clarified that the end use of a cargo item by different users may not be a relevant factor for determining the tariff to be levied by the port. As per clause 4.2.2. of the revised tariff guidelines, the wharfage charge must be proposed based on the cost of handling and special care required to be taken while handling and storage of cargo. The TPT may review the differential wharfage rate proposed for sulphur and rock phosphate used a fertiliser and other than fertiliser and consider to propose a uniform rate as prescribed in the existing SOR.	The suggestion made by this Authority is complied with in the revised proposal.
(v).	Justify the reasons for proposing wharfage rate for copra cake at par with charcoal with reference to the cost involved for handling both the commodities.	Copra cake and charcoal are not frequently handled cargo and the quantity handled is also very much less in the port. Hence, both are proposed to be charged at the same level at Rs.28/- per MT. It has confirmed that the method and cost handling copra cake is similar to that of charcoal.
(vi).	Coal and coke handled through coal jetty (other than thermal coal) is entitled for coastal concession as per our Order No.TAMP/4/2004-Genl dated 7 January 2005 and subsequent amendment dated 15 March 2005. Likewise, LPG is also entitled for coastal concession as per the clarification furnished by the Ministry of Shipping. The TPT, may therefore, propose concessional wharfage rate for these two cargo items as well.	Though the TPT initially argued that as per TAMP guidelines, concessional tariff is not applicable in respect of coal and coke handled through coal jetty and POL products, it has subsequently in the revised proposal prescribed concessional wharfage rate for these two cargo items.
(vii).	Advalorem rates proposed for serial number 18 to 23 should be done away with in view of clause 4.2.2. of the revised tariff guidelines. The wharfage for these items	The issue of phasing out of advalorem wharfage rate will be considered at the time of next general revision. Till then, the existing

	may be proposed based on weight or volume of cargo with reference to the cost of handling the relevant cargo instead of advalorem rate.	classification of advalorem wharfage may be continued.
(viii).	The proposed note 1 states that in case of export cargo wharfage shall be levied as declared in the EGM or with reference to the entire admitted quantity whichever is higher even if the EGM is declared less than the admitted quantity. Explain the reasons for proposing to introduce this note. Also, explain the prevailing method of recovering wharfage on export bulk cargo.	As per the existing note 1, wharfage charges on bulk cargo items shall be levied on the manifested tonnage of the vessels. The reasons for prescribing the higher of the EGM quantity or entire admitted quantity if EGM declared is less than the admitted quantity is to avoid audit remark of short collection when actually admitted quantity based on weighment is higher than the EGM quantity. Therefore, the same may be retained. Similarly, audit is also raising the point of short collection in case of import wharfage based on import manifest which is less than the current weighed quantity in port weighbridges. Therefore, the provision in respect of export general manifest may also be extended to import cargo items as per import general manifest.
(ix).	The proposed note no.5 is not clear whether the levy of wharfage rate in case of unloading and loading of cargo as restow in the same vessel will be once or twice. The proposed note may be modified to make it more explicit.	The amendment prescribed in the SOR of Chennai Port Trust Scale in respect of cargo loaded in a vessel and subsequently unloaded due to various reasons of non-levy of wharfage on reshipment has been incorporated in the revised proposal.
(x).	The proposed note 7 about levy of wharfage rate for miscellaneous articles at the highest rate may be modified to state that the wharfage in such case will be levied based on the rate applicable for individual cargo items. If ascertaining the rate of individual cargo items is not possible, mean rate of the articles contained in the package may be considered.	The system of billing the individual rate is the only possibility for identification of cargo for levy of wharfage. Hence, the existing provision of the highest rate may be retained so as to ensure simplicity in calculations. The revenue on account of this is almost 'nil'. It is only to tide over the situation of rare handling, such a provision is available, and hence, the same may be retained.
(xi).	Explain the reasons for proposing note no.15 about levy of minimum wharfage rate of Rs.50/-.	The minimum wharfage rate of Rs.50/- per MT is intended to cover the charges of wharfage and other administrative charges of billing and postage. Hence, the same may please be retained.
(8).	**Schedule 3.2. Demurrage charges**	
(i).	The proposed provision to commence free period for import cargo from the day following the date of completion of 50% discharge of goods from the vessels is not found to be in line with the revised tariff guidelines or in line with the prescription at the other major ports. The proposed provision may be modified in line with the revised tariff guidelines.	The intention to commence free period for import cargo from the day following the date of completion of 50% of discharge of goods from the vessels is to ensure speedy clearance of the cargo making available sufficient space for fresh cargo, and to speed up the quick turn round of vessels. Hence, the proposed provision may be accepted and incorporated considering the limited space available in the wharf areas where cargo items are being stored in the transit sheds/open space.
(ii).	Explain the reasons for proposing around 2% to 3% increase in the demurrage charge in view of the surplus position reflected in the cargo handling activity for all the three years under consideration.	Demurrage charges are not for a basic service facility, but for ensuring the usage of transit sheds and open transit areas in the limited wharf space by quick clearance so as to admit fresh cargo items without any delay. Hence, the service activity in cargo handling cannot be correlated with the entries proposed which was in confirmation with the percentage of deficit. However, the issue is insignificant in as much as the port earns around Rs.100 lakhs on an average from the demurrage charges which is not even 1% of the total wharfage income.

(iii).	The proposed note no. 1(ii) under Schedule 3.2.2. gives discretionary powers to Chairman (TPT) to declare some warehouse(s) as transit sheds in case of shortage of space in transit sheds on case to case basis. The proposed note may be modified to specify the circumstances whereby or broad guidelines under which the warehouse(s) will be declared as transit sheds to maintain transparency in the approach.	The provision to declare some warehouse(s) as transit sheds in case of shortage of space in transit sheds on case to case basis is intended to tide over the congestion in the wharf area in respect of bulk cargo arrivals of wheat, raw cashew etc. Normally, warehouses are not allotted as transit sheds and the issue cannot be generalised and hence discretionary powers of Chairman to declare some warehouse(s) as transit sheds on operational necessity is in the interest of cargo arrivals. The same provision, which was approved during 2002 revision, may therefore be retained. It has subsequently further clarified that the existing clause prescribe that in exigencies, if import/export cargo require transit space and the transit sheds are full, warehouse/s may be earmarked for storage of cargo on transit terms. This is self explanatory and is felt sufficient.
(iv).	With reference to the proposed note no.11, the TPT may consider to propose specific rate for re-stacking of cargo at VOC berth for rail movement based on the cost of providing the service instead of proposing to levy demurrage charge for offer this service	The proposal to levy demurrage charges for restacking of cargo at VOC berth is intended to give some free period to cargo and hence the demurrage provision is proposed and the same may be retained.
(v).	Incorporate the following condition flowing from the principle prescribed in the revised tariff guidelines that users should not be made to pay for the delays attributable to ports: *"Demurrage charges on cargo shall not accrue for the period when the TPT is not in a position to deliver / ship cargo when requested by the user."* Similar condition may also be incorporated for storage charges on containers in the schedule pertaining to container related charges.	The suggestion is agreed and will be incorporated.
(vi).	Also incorporate a conditionality to state that if operational area is leased on rental to users, demurrage charge on cargo shall not be levied again as per Clause 4.6 of the revised tariff guidelines. Similar condition may be inserted in the Schedule pertaining to storage charge on container also.	It has agreed to incorporate the said provisions.
(9).	**Schedule 3.3. - Licence (Storage) Fee:**	
(i).	Justify the proposed increase of 3% in the storage fee in view of the surplus position reflected in the cargo handling activity for all the three years under consideration.	3% increase in storage fee is in conformity with the deficit percentage worked out in Annexure 3A of the port's working submitted vide letter No.A-1/1/2005-COST dated 13.1.2007. Hence, the same may be admitted without considering the surplus/deficit in cargo handling equipments.
(ii).	(a). Section 49 empowers this Authority to fix the rates and conditions in respect of land and properties of the major ports used specified purposes. The reference given in the proposed note no.1 to Section 49 of the MPT Act is not found to be relevant.	It is relevant.
	(b). With reference to reply, TPT is requested to confirm whether the proposed note no. 1 in Schedule 3.3. License (Storage fee) stating that no land or shed shall be used except under a license issued for such purpose by TPT is in conformity with the provisions in the Major Port Trusts Act, 1963. If so, the relevant provision may be highlighted.	It has confirmed that the said conditions is incorporated in the Scale of Rates in conformity with the Major Port Trusts Act, 1963 (Section 49(1)(c)).

(iii).	The proposed note no.8 about levy of rental / demurrage charge for remaining packing materials such as gunny bags / pallets seems to be incomplete. The proposed note may be modified to explicitly specify the time period within which the packing materials should be cleared after the cargo is exported / imported beyond which the demurrage / rental charges will be applicable.	The proposed note is modified to state that such a levy will be levied for packing material remaining beyond one day of the date of complete shipment / discharge of cargo.
(10).	**Chapter-IV - Container Related Charges**.	
(i).	Justify the proposed increase of 3% in the container related charges in view of the surplus position reflected in the cargo handling activity.	The increase of 3% is in line with the deficit percentage arrived as per Annexure 3A.
(ii).	(a). Explain the basis of the proposed levy of 50% of the rate for storage charge for stuffing / destuffing in the port fenced area. The TPT may consider to propose a specific rate for stuffing / destuffing of cargo based on the cost of the services provided instead of linking it to the storage charge.	(a). Storage charges for stuffing / destuffing operations in the port fenced area is only a token provision and no specific cost of the service is involved in the exercise by the port. This is a concessional rate proposed for stuffing / destuffing operations.
	(b). From the reply furnished by TPT it appears that port will not charge storage charge on containers separately during the period of stuffing/ destuffing operations but only levy the proposed charge at 50% of storage rate for stuffing / destuffing in the port fenced area near warehouse. Please confirm. Indicate tariff levied for stuffing/ destuffing operations in port-fenced area in the present scenario.	(b). The proposal is for fixing concessional charges for stuffing and destuffing operations inside port fenced area on area basis. The storage charges on containers is separate for levy and has no relation with the proposed concessional charges.
(11).	**Chapter-V - Miscellaneous charges.**	
(i).	(a). The proposed increase of around 3% in the other miscellaneous services may be justified and sub-activity/main activity under which the services relating to weighbridge is captured in the cost statement may be clarified to justify the proposed increase of 103% in the weighment charges.	This is not relevant in the context of the revised proposal as no increase is proposed in cargo related charges
(ii).	Schedule 5.02. Charges for hire of wharf cranes and other mechanical appliances.	
	(a). The hire charges proposed for 10 tonne grab wharf crane at Rs.1042.35 (Sl. No.1) for foreign category seems to contain some typographical error since it is found lower than the concessional tariff proposed for the coastal category. The typographical error, if any, in the proposed rate may be corrected.	(a). The rate for foreign category in respect of 10-T grab wharf crane is corrected as Rs.1192/-.
	(b). This Authority while approving the rate for 20 tonnes wharf grab crane vide Order No.TAMP/12/2003-TPT dated 15 March 2004 had advised TPT to review this rate based on the actual performance details at the time of the next tariff review. The TPT, however, has not considered our suggestions while filing the general revision proposal.	(b). It has furnished the cost statement of 20 tonne wharf grab crane to justify the proposed rate. As per this statement the rate works to be Rs 3125.23 per hour as against proposed rate of 9925.10 per shift (i.e. Rs 1240.64 per hour).
	(c). The proposed note number 1 seems to be inconsistent and ambiguous. It is not clear under which circumstances the hire charges for wharf crane proposed in the Schedule 5.02.02 will be levied by the TPT.	(c). The note number 1 under Schedule 5.02.02 will be modified to state that wharf cranes (without grab) shall be provided by TPT without charge for the purpose of loading and unloading of vessels including barges and lighters. (since the same is included in the Berth hire)
(iii).	The surcharge of 20% proposed in note no.1 under Schedule 5.03. for use of harbour craft and equipment outside the port limits contradicts the provision elsewhere proposed in the SOR wherein it is mentioned that the port shall levy the charges prescribed in the schedule for plying the floating craft outside the port limits.	The inconsistency in the note no.1 for collection of surcharge of 20% under charges prescribed will be removed by deleting the word "crafts". Hence, the provision elsewhere may not apply in the given circumstances.
(iv)	**Schedule - 5.04 Way leave charges**	
	(a). The Tamil Nadu Electricity Board had pointed out that way leave charges in respect of conveyor system must be levied based on the land occupied and not on the tonnage of cargo handled by the TPT. This Authority had advised	(a). The issue of fixation of way leave charges on sq. mtr. basis for land allotted as against the tonnage basis is being examined separately and will be intimated in due course. Till then,

	the port to examine the point made by TNEB and propose suitable modification in the next tariff revision proposal. The TPT has not furnished any reply on the points made by the TNEB. The TPT is again requested examine the point made by the user and propose suitable modification in the proposed Scale of Rates.	the existing arrangement may be allowed to continue as it is based on an agreement with TNEB earlier.
	(b). The TPT may consider to modify the formula proposed for calculation of area chargeable as way leave charges in line with the principles evolved in the JNPT case vide Order No.TAMP/41/2003-JNPT dated 10 August 2004.	(b). The points made by this Authority referring to the Order dated 10th August 2004 pertaining to JNPT is examined with respect to the conditions prevailing in Tuticorin Port. The issue of multi layer pipelines stack and area being shared with roads, railways and jetties do not apply. The formula adopted is based on the length of the pipelines multiplied by the diameter of the pipelines + 30 cm working space. This is found to be reasonable, and hence, change is not felt necessary. For underground space, the formula adopted will be modified in line with the prescription made in the JNPT case.
(v).	**Schedule 5.10 – Charges for hire of dry dock.**	
	Note 14 – When the port is expected to works round the clock, it is not understood why over-time of staff should be levied separately. The port is requested to indicate the number of instances where staff is deployed over-time for offering dry docking facilities and cost involved thereat.	The clause regarding over time of staff is persisting for long since 1979 and is being collected separately and the three-shift working pattern is not available due to shortage of staff, and hence, people are to be engaged on over time for which the charges are required to be collected. However, as far as current dry docking yard in Zone-B is concerned, the dry dock is currently catering only to port's crafts of less than 10-T BP and mooring boats and water barges. It is not being hired out to others.
(vi).	Justify the proposed increase of 100% in the license fee for entry of private cargo handling equipment at Sl. no.5, Schedule 5.17 in the light of the fact that the increase in the license fee proposed for entry of other vehicles is at 3% in this schedule.	The license fee for entry of private cargo handling equipment at Sl. no.5 under Schedule 5.17 is to have a distinction between the entry of equipment inside the port area and within the security wall of the port area so as to ensure the requirement of the equipment.
(vii).	With reference to the passenger toll and charges for vehicles accompanying passengers proposed in Schedule 5.18, the TPT may consider to propose the concessional tariff applicable for the coastal category.	The direction to propose concessional tariff applicable for coastal category is accepted and will be incorporated in the draft Scale of Rates.
(12).	It is understood that the Tamil Nadu Electricity Board have filed a writ petition in the Hon'ble High Court of Madras with reference to the last tariff revision approved by this Authority in October 2002 about significant increase in vessel related charges in respect of their vessels and that the Hon'ble High Court has given an interim order in their case to pay 50% of the differential amount between the pre-revised and revised rates till final disposal of the case. Please forward a copy of the Order passed by the Hon'ble High Court of Madras in this regard. Since the matter is subjudice, please clarify whether the increase proposed in the current tariff revision proposal will apply to the TNEB pending the disposal of the Writ Petition.	It has accordingly forwarded copy of the said Order of the Hon'ble High Court dated 30 March 2004. In as much the current proposal is for reduction of vessel related charges, the question of increase is not relevant. However, pending decision on the Petition by the Hon'ble High Court, the existing order of the Hon'ble High Court will be adhered to. This may please be suitable incorporated in the Order of the Authority.

5.2. The revised net surplus/deficit position for the port as a whole excluding dredging levy for the three years 2007-08 to 2009-10 is tabulated below:

A. Consolidated cost statement excluding dredging levy

(Rs. in lakhs)

Particulars	**2007-08**	**2008-09**	**2009-10**
Operating Income	15890.21	16886.95	20128.96
Operating Expenditure including Management and General overheads	7003.51	7849.86	9675.34
FME – FMI	295.36	286.54	277.11
Surplus /Deficit	**8591.34**	**8750.55**	**10176.51**
Capital Employed	29823.99	46804.21	52248.46
ROCE at 16% / 6.35%	4658.79	7372.29	15160.43
Electricity overhead proposed to recovered separately	56.34	58.02	60.02
Surplus /deficit after ROCE	3876.20	7314.27	15100.41
Less: Pension fund deficit ***	1660.00	1660.00	1660.00
Less: Impact of reduction proposed in vessel related charges	697.71	718.64	740.20
Less: Deficit in railway activity	-40.99	0.00	0.00
Net Operating Surplus/Deficit	1590.19	-942.35	-7324.10
Surplus / Deficit as % of total operating income	10.01 %	-5.58 %	-36.39 %

*** The TPT has proposed to recover Rs.1660 lakhs per annum to meet the shortfall in the Pension fund from the surplus reflected in the cost statement. Thus its earlier proposal to recover a special rate of 10.35% as levy to meet the shortfall in the Pension Fund liability based on the actuarial valuation stands withdrawn.

5.3. The net surplus/deficit for the past period 2002-03 to 2006-07 furnished by the TPT is shown below:

(Rs. in lakhs)

Year	**Net surplus/deficit as per our Order**		**Actuals**	
	Including dredging	**Excluding dredging**	**Including dredging**	**Excluding dredging**
2002-03	804.69	762.13	(406.75)	Not furnished
2003-04	725.58	518.68	(272.82)	Not furnished
2004-05	---	---	(2407.63)	1119.23
2005-06	---	---	1694.49	4665.71
2006-07	---	---	(80.14)	5420.74

6. The Tuticorin Port Trust has forwarded the revised draft proposed Scale of Rates (SOR) and has also simultaneously forwarded the revised draft proposed SOR to the users/user organisations. In the revised proposed Scale of Rates filed in July 2007, the TPT had proposed further increase in the port dues and proposed to modify the schedule of pilotage fee and berth hire charges. The wharfage schedule was retained as per its initial proposal.

7.1. A joint hearing in this case was held on 13 July 2007 at the Tuticorin Port Trust premises. At the joint hearing, Tuticorin Ship Agents Association, Indian Chamber of Commerce & Industry (ICCI), Tuticorin Custom House Agents' Association (TCHAA), Southern Petrochemical Industries Corporation Ltd. (SPIC) and DCW Ltd. have filed written submission.

7.2. It was decided at the joint hearing that TPT would initiate action on the following points:

(i). Cost statements would be updated with reference to actuals for the year 2006-07.

(ii). Complete details of dredging levy recovered and the amount spent on servicing loan and other appropriation out of this collection would be furnished. This analysis should cover the entire period from introduction of dredging levy till date.

(iii). The proposal would be revised with reference to the submissions made by the users on pilotage fees, dredging levy, weighbridge charges, etc. with suitable adjustment in rates that may warranted elsewhere in the proposed Scale of Rates.

(iv). Reconsider the method of charging way leave charges from the Tamil Nadu Electricity Board.

(v). Review the proposal comprehensively in the light of the above observations and file a revised proposal with revised cost statements and draft Scale of Rates to be filed. The TPT was also advised to simultaneously, circulate the revised proposal to all concerned users allowing them 10 days time therefrom to furnish their comments to TAMP and TPT.

8.1. With reference to the points made at the joint hearing, the TPT has furnished revised cost statement and revised proposed Scale of Rates.

Modifications in the cost statements

(i). The cost statements are updated with 2006-07 actuals.

(ii) An increase of 7% in the traffic projections in 2007-08 and thereafter an overall 5% increase is estimated for 2008-09 and 2009-10. In respect of coal vessels, additional traffic of 5 Million Tonnes is expected to be handled by Neyvelli Lignite Corporation (NLC) which is also considered to determine the vessel related earnings for 2009-10.

(iii). The US dollar rate as on the date of joint hearing is reported to be Rs.40.55 as against Rs.45.02 considered in its initial proposal. In the revised cost statement, vessel related income is reduced by nearly 9.93% to factor loss of revenue due to decrease in the dollar rate.

(iv). The past deficit of Railway Activity can not be absorbed since the proposal for revision of railway siding charges is pending with Railway Board for more than five years. Even if sanction for revision is received, the same will have prospective effect. Therefore, 50% deficit from 2004-05 to 2006-07 is considered and set off from the overall surplus position of the port reflected in 2007-08.

(v). As regards expenditure, 5.4% annual increase is adopted over 2006-07 figures.

(vi). Dredging expenditure for deepening to 10.7 mtrs is delinked from capital employed. The existing dredging levy is proposed to be retained separately at the existing rate as per the prevailing system.

(vii). Return on Capital employed is adopted at 16% as per TAMP directions for the years 2007-08 to 2009-10 as against 15% considered earlier. ROCE is computed at 15% for the years 2005-06 and 2006-07.

(viii). The net surplus/deficit reflected by the revised cost statement for the port as a whole as well as activity-wise is tabulated below:

(Rs. in lakhs)

Sl. No.	Particulars	2007-08		2008-09		2009-10		Total Surplus / Deficit for the three years	Average Surplus / Deficit as % of operating income
		Rs. in lakhs	Surplus / Deficit as % on income	Rs. in lakhs	Surplus / Deficit as % on income	Rs. in lakhs	Surplus / Deficit as % on income		
1.	Port as a whole	3932.53	24.75%	1378.22	8.16%	-4983.92	-24.76%	326.83	2.72%
2.	Cargo Related Activity	5399.16	60.83%	3851.28	39.93%	5854.47	47.59%	15104.91	49.45%
3.	Port and Dock Activity	-1645.78	-25.68%	-2658.17	-40.24%	-11034.53	-154.12%	-15338.5	-73.35%
4.	Estate Rental Activity	179.16	29.54%	185.1	29.07%	196.14	29.33%	560.40	29.31%

8.2. The TPT has submitted that the reduction proposed in vessel related charges is as per discussion with users on 23 July 2007.

8.3. The TPT has submitted that the revised cost statement reflects an average surplus of 7.47% for the years 2004-05 to 2009-10 i.e. Rs.707.17 lakhs per annum on an average. It is proposed to adjust the estimated surplus against the reduction proposed in vessel related charges and revenue impact on other items as tabulated below:

(Rs. in Lakhs)

Sr. No.	Particulars	Impact of proposed modification per annum
(a)	Reduction proposed in the vessel related charges to the extent of 5.00% (Rs.238.56 lakhs) and in the case of cargo related charges no reduction proposed except 10.00% reduction in Industrial Coal(Rs.38.55 lakhs) per annum.	277.11
(b)	Difference between 30% dredging levy and 15% dredging levy not collected on Port Dues and Pilotage fees from container vessels.	264.78
(c)	Difference between 33.45% dredging levy required and proposed 30% dredging levy on other than container vessels for deep draft berths	134.84
(d)	Impact of proposed 5% reduction on basic vessel related charges on the dredging levy	44.30
	Total (a) to (d)	**721.03**

Major modifications proposed in the revised proposed Scale of Rates

(i). Based on the submissions made by users / user associations, special rate for capital dredging is continued to be levied separately as per the prevailing practice instead of its earlier proposal to merge it with vessel related charges. No increase is proposed in the dredging levy in the revised proposal.

(ii). The existing structure of pilotage and berth hire is proposed to continue instead of berth-wise three tier slabs proposed in the initial tariff proposal. In case of port dues as well, the existing structure is retained instead of berth-wise port dues proposed in the initial proposal.

(iii). Reduction of around 5% is proposed in vessel related charges viz. port dues, pilotage and berth hire as against 3.3% to 3.6% increase proposed in the initial proposal.

(iv). Existing wharfage rates is proposed to continue except for reduction proposed in industrial coal from existing rate of Rs.30 PMT to Rs.27 PMT in the revised proposed Scale of Rates.

(v). No revision is proposed in container related charges, demurrage charges and other miscellaneous charges.

(vi). Charges for weighment bridge and licence fee for entry of vehicles/equipment is maintained at the existing level.

Capital Dredging

(i). The TPT has furnished a statement of capital dredging account for the years 2000-01 to 2006-07 based on the actuals which is summarised below:

(Rs. in lakhs)

Sl. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
I.	**Income**							
	Dredging Levy	988.66	1026.45	938.00	892.13	1050.49	1146.86	1320.12
	Total Income	988.66	1026.45	938.00	892.13	1050.49	1146.86	1320.12
II.	**Expenditure**							
(i).	Depreciation	216.90	218.57	218.57	292.05	258.65	258.65	258.65
(ii).	Interest on loan from foreign source-JBIC	752.34	749.75	806.76	883.37	422.96	0	0
(iii).	Interest on loan from other institution (IDBI)					236.95	1077.99	908.99
(iv).	Repayment of loan					5436.28	2600.00	2600.00
(v).	Total Depreciation and Debt –Servicing Cost	969.24	968.32	1025.33	1175.42	6354.84	3936.64	3767.64

(ii). It has also worked out dredging levy considering the debt servicing burden had the Japan Bank International Company (JBIC) loan (since liquated) continued for the full term of 27 years instead actual debt burden based on IDBI loan of 7 years obtained to discharge the JBIC loan. Accordingly, as per its working, the special rate for capital dredging works out on an average at 33.96% on the basic vessel related charges in respect of deep draft berths. However, it proposes to continue with the existing dredging levy.

8.4. The TPT has subsequently made some corrections in the schedule of shifting charges.

8.5. The TPT has submitted that the revised proposed Scale of Rates was simultaneously circulated to the concerned users/user associations for their comments to TAMP. The comments received from users / user associations with reference to the revised proposal were forwarded to TPT as feed back information. The TPT has furnished its comments on the comments of the users / user associations.

9.1. In view of some gaps observed in the revised cost statement, the TPT was requested to furnish additional information/modification on a few points. The TPT has furnished the requisite clarifications and has modified the estimation of capital employed in the revised consolidated cost statement filed subsequently. A summary of queries raised and reply furnished by TPT is tabulated below:

Sl. No.	Queries raised by us	Reply received from TPT
(i).	Furnish a reconciliation statement in case the estimates considered in the cost statement for the year 2007-08 vary from Revised Estimates.	(a). The income estimated in the revised cost statement furnished in August 2007 is with reference to the targeted traffic of 203.85 lakh tonnes as per the target mentioned in the draft Memorandum of Understanding with the Ministry of Shipping. The traffic for the years 2008-09 and 2009-10 is estimated at (Draft MOU target) 215.52 lakh tonnes and 276.12 lakh tonnes. In respect of expenditure, projections are arrived with a 5.4% increase adopted over 2006-07 actuals. (b). The Revised Estimates for 2007-08 were finalised only in October 2007. The estimations in revised cost statement filed in August 2007 will, therefore, differ from the Revised Estimates 2007-08.
(ii).	Confirm the income from dredging levy is at existing rates for the years 2007-08 to 2009-10.	The income from dredging levy is reported at Rs.1463.01 lakhs, Rs.1543.25 lakhs and Rs.1687.70 lakhs for the years 2007-08 to 2009-10 respectively.
(iii).	Clarify whether the impact of revision expected in salaries and wages are considered in the estimates.	The impact of wage revision has been included in cost statement at 25% of existing salaries and wages. The impact of revision in salaries and wages is estimated at Rs.697.71 lakhs, Rs.718.64 lakhs and Rs.740.20 lakhs in each of the years 2007-08 to 2009-10 and shown as a separate entry in the cost statement.
(iv).	The royalty receivable from PSA SICAL Terminals Limited estimated in the revised cost statement filed on 8 January 2008 do not match with the royalty estimated in its initial communication. The reasons for the variation in this figure may be explained alongwith detailed computation thereof.	Difference in royalty estimation is on account of on going disputes with the BOT Operator by way of court cases and representations made by the operator to Government/TAMP.
(v).	Confirm whether the vessel related charges (excluding dredging levy) from deep draught berths estimated at sl No 4 in Annex II of your letter dated 20 August 2007 include the vessel related income from berth no.VIII.	It is confirmed that the vessel related charges (excluding dredging levy) shown in the said Annex include the vessel related earning in respect of berth no.VIII as well.

(vi).	Confirm the present status as well as the expected date of commissioning of the projects proposed to be added to gross block of assets during the years 2007-08 to 2009-10 in respect of main items. Also, forward a copy of the Government sanction obtained for the projects of deepening the channels/ berths, etc.	(a). It has furnished the present status of the seven main schemes as well as expected date of commissioning of the proposal projects which is summarised below:

Particulars	**Amt. in crores**	**Expected date of completion**	**Project status on 30.11.07**
2007-08 Widening and Strengthening of Port roads from western boundary to Green gate	20.00	7.11.07	Scheme completed
2008-09 Procurement equipment	12.90	Dec. 2008	By December 2008
2009-10 (i). Deepening of channel / Berths etc., - dredging the Dock basin 10.7m to 12.8m	538.00	Oct. 2009	(i). Planning commission accorded in principle approval for this project on 01-02-07. (ii). Clarification sought by Planning Commission on the PIB sent to Ministry on 11th July 2007. Ministry's approval awaited. (iii). In the mean time, Port decided to take up the dredging work in front of Berth No.9 to cater 10.70m draught vessels at an estimated cost of Rs.40.00 crores as phase I and the same is under process. Tender opened on 5.12.2007 and under scrutiny.
(ii). Construction of North Coal Berth (NCB) for Neyvelli Lignite Corporation (NLC) – TNEB	40.00	March 2009	Approval of the Ministry received on 26.11.2007 to execute the work under Port's Internal resources. Tender approved for lowest offer. Work order is being issued. Period of completion is 15 months.
(iii).Construction of shallow draught berth 3 Nos.	30.00	Not indicated	The work will be taken up after completion of 9thBerth construction.
(iv).Reclamation and heavy duty pavement.	15.00	Not indicated	The reclamation work will be taken up along with dredging work.

<table>
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<td>The Inner Harbour Dredging Project (12.8 mtrs.) will be undertaken as per our Projection for utilisation fully during 2009-10. The PIB stage has been reached for this project. Hence, the same may be considered in computation of Capital Employed.

(b). Regarding Government sanction for projects, it has clarified that approval of the Planning Commission has been granted for Capital Dredging to 12.8 mtrs. For construction of North Cargo Berth, approval of the Government has been received for construction from Port's internal resources. It has furnished documentary evidence of these approvals.</td>
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<td>(vii).</td>
<td>(a). The estimation of asset block and depreciation computation may be modified to the extent the addition to the gross block proposed to be deferred based on the reply furnished above. Consequent adjustment, if any, may be made in the assessment of capacity for the years 2007-08 to 2009-10.

(b). The capacity addition and additional traffic, if any, expected on account of the proposed dredging project envisaged to be commissioned in the year 2009-10. may be indicated.</td>
<td>(a). The impact of the changes made in the additions to the gross block in respect of depreciation are incorporated in the revised cost statement furnished. Consequent impact on capacity assessment is tabulated as follows:
(in million tonnes)
<table>
<tr><th>Sl. No.</th><th>Description</th><th>2007-08</th><th>2008-09</th><th>2009-10</th></tr>
<tr><td>1.</td><td>Capacity in million tonnes furnished in earlier letter of August 2007</td><td>20.550</td><td>32.950</td><td>46.50</td></tr>
<tr><td>2.</td><td>Reduction in capacity due to shifting of the following schemes</td><td></td><td></td><td></td></tr>
<tr><td></td><td>North Cargo Berth</td><td>No impact</td><td>5.00*</td><td>No impact</td></tr>
<tr><td></td><td>Shallow Water Berths</td><td>No impact</td><td>0.75</td><td>No impact</td></tr>
<tr><td>3.</td><td>Revised Capacity [(1)-(2)]</td><td>20.550</td><td>27.20</td><td>46.50</td></tr>
<tr><td>4.</td><td>Targeted Traffic</td><td>20.385</td><td>21.55</td><td>27.61</td></tr>
</table>
*The additions to the capacity of coal traffic indicated earlier at 6.775 million tonnes included 1.875 million tonnes on account of capital dredging in respect of coal handling and 4.90 million tones for North Cargo Berth. In the revised capacity calculations, the capacity of 5 million tonnes for North Cargo Berth is shifted to 2009-10. The projects on deepening of channel to 12.8 mtrs. and procurement of equipment etc., are ancillary facilities and hence there will be no change in the capacity exclusively on account of these investments.

(b). It has again reiterated that the capital dredging project is of ancillary facilities and hence there will be no change in the capacity exclusively.</td>
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<td>(viii).</td>
<td>Furnish breakup of the capital employed (i.e. port related and non-port related) for the port as whole as well as port and dock activity, cargo handling and storage activity and estate activity.</td>
<td>It has furnished the breakup of the revised capital employed activity-wise.</td>
</tr>
<tr>
<td>(ix).</td>
<td>(a). Indicate the revenue expected to accrue from Tamil Nadu Electricity Board (TNEB) from levy of way leave charges based on the existing system of levy on per tonne basis for the years 2007-08 to 2009-10

(b). Indicate the income likely to accrue if the way leave charges is collected based on the area allocated for the conveyor system may be indicated.</td>
<td>Calculation of Way Leave Charges from TNEB based on the existing tonnage system of levy vis-à-vis levy on the basis of area is given below:
<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Description</th><th colspan="2">Way Leave Charges based on existing rate of 0.65 per MT</th><th colspan="2">Way Leave Charges for 1,46,256 Sq.Mtrs.</th></tr>
<tr><th>Cargo (lakh tonnes)</th><th>Amount (Rs. in lakhs)</th><th>Rate per Sq.mr</th><th>Amount (Rs. lakhs)</th></tr>
<tr><td>1.</td><td>2007-08</td><td>57.72</td><td>37.52</td><td>1.42</td><td>2.08</td></tr>
<tr><td>2.</td><td>2008-09</td><td>59.54</td><td>38.70</td><td>1.42</td><td>2.08</td></tr>
<tr><td>3.</td><td>2009-10</td><td>59.54</td><td>38.70</td><td>1.42</td><td>2.08</td></tr>
</table></td>
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9.2. The net surplus/deficit reflected in the revised cost statement filed by the TPT and various adjustments made towards contribution to pension fund, reduction proposed vessel related charges, etc., are given below. The port has not furnished revised activity-wise cost statement with reference to the modification made in the estimation of capital employed and depreciation.

(Rs. in lakhs)

Sl. No.	Particulars	2007-08	2008-09	2009-10	Total
1.	Operating Income (excluding dredging and railway activity)	15890.21	16886.95	20128.96	52906.12
2.	Net surplus/deficit (after operating cost plus return)	4188.54	3523.23	-5662.27	2049.50
3.	Net Surplus / deficit as % of income	26.4%	20.9%	-28.1%	6.4% (Avg)
4.(i).	Add: Recovery of electricity overheads from users other than PSA SICAL	28.79	29.66	30.64	89.09
(ii).	Less: Impact of other Adjustments				
(a).	Contribution towards shortfall in pension fund	1660.00	1660.00	1660.00	4980.00
(b).	Impact of wage revision	697.71	718.64	740.20	2156.55
(c).	Deficit in Railway activities	-40.99	--	--	40.99
(d).	Impact of modification in levy of way leave charges from existing per tonne basis to area basis	8.86	36.62	36.62	82.10
	Subtotal	2378.76	2385.60	2406.18	7170.55
5.	Net surplus / deficit after considering impact of above adjustments	**1809.78**	**1137.63**	**-8068.45**	**-5121.05**
6.	Net surplus / deficit as percentage of operating income	11.39%	6.74%	-40.08%	
7.	Average net surplus / deficit as percentage of operating income	-7.32%			

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 totality of information collected during the processing of this case, the following points emerges:

(i). The Scale of Rates of TPT fell due for review in October 2004 following the two years tariff cycle followed prior to the issue of the revised tariff guidelines. The proposals for general review of tariff filed by the TPT earlier in February 2006 and June 2006 were not found to be complete and hence returned to the port. After regular follow up, the TPT filed a comprehensive proposal for review of its tariff in December 2006.

(ii). The original proposal filed by TPT was met with lot of objections from the users, mainly on the high vessel related charges. The steep hike in this category was the result of merger of the special levy for capital dredging with the basic charges and rationalisation of charging slabs in line with the tariff guidelines. The surplus making cargo related activity was also proposed for tariff increase.

A separate rate, distinct from the basic vessel related charges, was introduced in the year 2000 to meet the debt servicing obligation of the port in relation to the foreign currency loan availed to defray the capital dredging expenditure. The reason behind introduction of such separate rate was to ensure discontinuance of the levy as soon as the concerned debt liability is extinguished. The merger of charges proposed by TPT would have perpetuated the specific one time measure allowed.

Likewise, any tariff rationalisation should be gradual and done in phases in such a way that its effect will not impose a sudden tariff burden on the users. This Authority indicated its willingness to exercise its discretionary powers if rationalisation at one go as per the tariff guidelines results in undue hardship.

When this position was brought to the attention of TPT, the port had readily accepted the advice and done well to completely revise its proposal. The revised proposal of the port, which has reportedly been formulated after consulting the users, addresses most of the objections voiced earlier by the users. Alongwith the revised proposal, the port had also filed a revised and updated cost statement particularly with reference to traffic and capital additions. The port had, however, not filed activity breakup of the revised cost position. This analysis is accordingly made based on the revised proposal of the port but insofar as the activity-wise cost position is concerned necessary adjustments are made by us with reference to the position reported by the port earlier, in order to make them in tune with the revised cost statement.

(iii). The actual traffic handled in the year 2006-07 is reported at 180.01 lakh tonnes. The traffic for the year 2007-08 estimated at 183.45 lakh tonnes in the initial proposal have been revised upwards to 203.85 lakh tonnes with suitable increase in the estimates for the subsequent years. The traffic for the years 2008-09 and 2009-10 is projected at 215.52 lakhs tonnes and 276.12 lakhs tones respectively. Revised traffic projections for the year 2009-10 reportedly includes additional traffic of 50 lakh tonnes of coal expected to be handled by Neyvelli Lignite Corporation (NLC) at the North Cargo Berth and 5% increase in the traffic due to handling of cargo at the proposed shallow water berths.

The Revised Estimates (RE) for the year 2007-08 and Budget Estimates (BE) for the year 2008-09 were finalised subsequent to the port filing the revised cost statement in August 2007 and hence the traffic projections do not exactly match with RE/BE. In RE 2007-08 and BE 2008-09, the traffic is projected at the level of 204.00 lakh tonnes and 210.00 lakh tonnes for the years 2007-08 and 2008-09 respectively. The traffic projections in the revised cost statement are found to be marginally lower in 2007-08 whereas for the year 2008-09 it is higher than the Budget Estimates.

Since the traffic projections is reportedly based on the draft Memorandum of Understanding with the Government of India, the estimates as furnished by TPT for the years 2007-08 to 2009-10 are relied upon and considered in this analysis.

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 revised tariff guidelines.

(iv). (a). The income estimation is reportedly with reference to the traffic projections. Though detailed calculation of income estimations for the years 2007-08 to 2009-10 with reference to the existing tariff structure has not been furnished, the port has furnished a break-up of income from cargo handling activity and vessel related activity. The income estimates as furnished by the TPT are considered subject to the following modifications:

(i). The vessel related income from foreign going vessels for the year 2007-08 is estimated based on the exchange rate of Rs.43.46 and for two years 2008-09 and 2009-10 it is estimated based on the exchange rate of Rs.45.02. Stating that the dollar rate on the date of hearing is reduced to the level of Rs.40.55 per US dollar, the TPT has separately estimated reduction in the vessel related income from foreign-going vessels for the years 2007-08 to 2009-10.

(ii). The exchange rate prevailing at the time of finalising this case is 1 US $=Rs.43.46. That being so, dollar denominated vessel related charges have been updated considering the prevailing exchange rate of Rs.43.46 per US dollar for the years 2008-09 and 2009-10. For the year 2007-08, the rate was found to be around the exchange rate adopted by the TPT and hence are relied upon without any modification.

(b). Subject to the above modifications, the vessel related operating income as estimated by the TPT is considered. If it is observed at the time of next review that the actual income varies substantially from the estimations considered herein, the advantage accrued on account of such wrong estimation will be set off in future tariff revision / review as per the revised tariff guidelines.

(v). (a). The TPT receives royalty from the private operator PSA SICAL Terminals Limited (PSA SICAL). Creation and maintenance of a separate escrow account for revenue share/ royalty receipts is mandated by the Government policy as contained in clause 2.8.3. of the revised tariff guidelines from the year 2005-06.

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

Royalty receivable by the TPT from the BOT operator PSA SICAL Terminal Private Limited was earlier estimated at Rs.3360.95 lakhs, Rs.5191.42 lakhs and Rs.7205.04 lakhs for the years 2007-08 to 2009-10 respectively. Subsequently, estimation of royalty income is scaled down to Rs.2803.90 lakhs, Rs.3677.50 lakhs and Rs.4639.93 lakhs for the corresponding years. The revised royalty estimation is not supported by any detailed computation and the port has attempted to justify the downward revision referring to the on-going disputes by way of court cases filed by the PSA SICAL and various representations filed by the operator to the Government and the TAMP.

The royalty payment by the BOT operator PSA SCIAL to the TPT is governed by the License Agreement (LA) signed by both the parties.

The port has not produced any document to show that the terms of royalty payment in the LA has undergone any change. That being so, reduction estimated in the royalty income for the reasons cited by the TPT is accepted.

The container traffic estimated by the TPT for estimation of royalty income varies from the traffic estimated by the PSA SICAL in their August 2005 proposal. The container traffic estimated by the PSA SICAL is at the level of 3,91,710 TEUs and 4,30,881 for the calendar years 2007 and 2008 respectively. For the year 2009, the container traffic estimated by the PSA SICAL was at 3,00,000 TEUs, which was modified and considered at the level, estimated in 2008 in our Order of August 2006. Though the PSA SICAL had challenged this Order on various grounds and the Hon'ble High Court of Madras has quashed the Order on a specific ground, traffic estimates relied upon in the Order was not objected by the PSA SICAL.

That being so, the container traffic estimation furnished by the BOT operator PSA SICAL subject to modification made in the year 2009 is considered to estimate royalty income of TPT for the years 2007-08 and 2008-09. For this purpose, the traffic projections furnished by the PSA SICAL based on calendar year is adjusted on pro rata basis for the financial year.

For estimating the container traffic for the year 2009-10, traffic estimation for the year 2010 is not available in the PSA SICAL Order. The container traffic estimated by the TPT for this year shows around 8% growth in comparison to the estimate of the previous year considered in the PSA SICAL Order which is relied upon for estimating the royalty income likely to accrue from the operator.

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

The port has confirmed that it does not have any surplus labour. Hence, no provision is made to meet the cost of surplus labour from the royalty receipts and 50% of the royalty receipts are transferred to the escrow account from the year 2005-06 onwards. The balance 50% of the royalty receipt is treated as revenue under cargo handling activity. The details of royalty income and the amount transferred to the Escrow account from the year 2005-06 onwards are given below:

Rs. in lakhs

Year	Royalty income by TPT (in the initial proposal)	Revised Estimation of royalty (by TPT)	Royalty income estimation (modified by us)	50% of the royalty income transferred to Escrow Account
2005-06 (Actuals)	1649.44		1649.44	824.72
2006-07 (Actuals)	2724.70		2724.70	1362.35
2007-08 (Estimates)	3360.95	2803.90	3752.57	1876.28
2008-09 (Estimates)	5191.42	3677.50	5281.93	2640.95
2009-10 (Estimates)	7205.04	4639.93	7205.04	3602.52
Total				**10306.82**

(b). The port has not furnished Escrow Account statement with reference to the 50% royalty receipts transferred to the Escrow Account. Considering the 50% of actual royalty for the year 2005-06 and 2006-07 and the estimates for the year 2007-08 to 2009-10 transferred to the Escrow Account, a total sum of Rs.103.07 crores is expected to accrue in that account at the end to the financial year 2009-10 as indicated in the table above.

(c). The revised tariff guidelines stipulates that the royalty / revenue share transferred to the Escrow Account should be utilised for the purpose of creation and /or modernisation of the port infrastructure within a period of five years. The entire accrual will be added back to revenue of the port trust for the next tariff fixation if the funds in the Escrow Account are found to have been not utilised for the stated purpose within the time limit specified in the revised tariff guidelines.

When the port was advised to furnish the plan of deployment of funds from the Escrow account for the purposes stated in the tariff guidelines, the port has contended that it is not required to utilise the Escrow Account Balance upto 2009-10 with reference to the transfers made in the Account in the year 2005-06. Since the guidelines clearly stipulates that the transfers made to the Escrow Account has to be utilised within five years period, 50% of the royalty receipts transferred to the Escrow Account in the year 2005-06 to the extent of Rs.8.25 crores is to be utilised within five years period i.e. 2009-10.

In the absence of any information about deployment of funds from the Escrow account, it may be appropriate to assign the funds pertaining to the transfers made to the Escrow Account in the year 2005-06 to partly meet the proposed investment towards the capital dredging project of inner harbour.

It is relevant to mention that the proposed capital expenditure for this project is not considered in the capital employed computation in the year 2009-10 for reasons explained elsewhere in the analysis. If the execution of the project commences by 2009-10, as submitted by the TPT, the Escrow Account balance at the end of the year 2005-06 can be utilised to partly finance this project.

The balance in the Escrow Account at the end of the financial year 2009-10 after this adjustment will be to the tune of Rs.94.82 crores. If during the next tariff cycle it is found that the fund from Escrow Account is not deployed to meet part of this project cost incurred in 2009-10, then it would be added to the revenue in the next tariff cycle.

(vi). (a). The TPT has submitted that the expenditure for the years 2007-08 to 2009-10 are estimated considering 5.4% annual escalation over the actuals / estimates of previous year. It is found that uniform increase of 5.4% is not applied for all heads in the estimation of the expenditure. Even though it may be true that items of expenditure may not increase at the same proportion, the escalation in overall expenditure level cannot be allowed in excess of the stated level of Wholesale Price Index (WPI).

(b). The total operating expenditure and the management and general overheads (excluding depreciation and railway activity) is estimated at Rs.5912.48 lakhs for the year 2007-08 as against the actual expenditure of Rs.5402.50 lakhs reported in the previous financial year 2006-07. The increase in the estimated expenditure for the year 2007-08 works out to 9.40% over the actuals reported in the previous year. This is mainly attributed to 14.91% increase estimated in the operating cost under port and dock services and 6.92% in the estate activity.

In terms of the guidelines for tariff fixation, 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 for all the commodities as ascertained from Government of India for the financial year 2007-08 is 4.6% as against 5.4% in the immediate previous year.

The port has not explained any specific reasons for estimating the expenditure by applying escalation beyond the stated level of the WPI. It has to be recognised that all the operating expenditure will not vary proportionately with increase in the traffic. In case of major ports, most of expenditure will be of fixed nature which may not vary in a given range of capacity and traffic. In the absence of the breakup of variable and fixed component of expenditure furnished, it is assumed that 20% of operating expenditure to be varying with the traffic. Similar approach was followed while revising the tariff of the New Mangalore Port Trust in the absence of availability of the variable cost details.

The estimates of operating expenditure and management and general overheads for the year 2007-08 are assessed with reference to the actuals reported in the year 2006-07 and moderated suitably allowing 5.4% annual escalation as applicable for that particular year after adjustment of traffic growth.

(c). The total of operating expenditure (excluding deprecation) and the management and general overheads for the years 2008-09 and 2009-10 are estimated to increase by 5.81% and 5.84% respectively over the estimates of the previous years.

The average WPI for all commodities for the financial year ended on 31 March 2008 reported at 4.6% is adopted for the tariff revision exercise undertaken in the year 2008-09. Accordingly, the total increase in estimation of operating expenditure and management and general overheads for the years 2008-09 and 2009-10 are moderated allowing annual escalation of 4.6% over the annualised previous year's estimate and adjusted to the anticipated growth in the traffic in line with the approach followed for estimating the expense for the year 2007-08.

(d). The TPT has filed a separate proposal for fixation of electricity overheads from the users which is considered separately.

The net surplus has been reduced by the TPT to the extent the electricity overheads is proposed to be recovered by way of separate levy from the concerned users. It may be more appropriate to reduce the estimate of relevant overhead item from the consolidated cost position instead of effecting adjustment to net surplus. The port has not indicated the distribution of electricity overhead across the concerned activities. In the absence of this information, reduction to the extent of separate recovery proposed by the TPT is effected in the management and general overheads in the modified cost statement.

(vii). (a). Salaries and wages of port officers and staff are already due for revision. The impact of wage revision is considered by TPT at 25% of the actual salaries and wage cost for the year 2006-07. The provision for wage revision is taken at Rs.697.71 lakhs for the year 2007-08. For the subsequent two years 2008-09 and 2009-10, an annual increase of 3% is considered over the estimates of the respective previous years.

Provision for wage revision has been allowed at 15% of salaries and wages cost of the base year in the tariff revision exercise of other major ports like the Visakhapatnam Port Trust, New Mangalore Port Trust, etc. Recognising that this item is only a provision, the impact of wage revision is estimated at 15% of the actuals salaries and wages cost of the year 2006-07 in line with the decision taken at the other major ports.

The impact of wage revision for the year 2007-08 is estimated at 15% of the actual salaries and wage cost reported in the year 2006-07 after applying an annual escalation of 5.4% then applicable for the year 2007-08. Accordingly, the provision for wage revision for the year 2007-08 works out to Rs.441.23 lakhs. For the subsequent two years, annual escalation of 3% considered by the TPT is allowed.

(b). The TPT has allocated the total wage revision impact to all activities except railway activity. The total salaries and wage cost for the year 2006-07 based on which the provision for wage revision is estimated includes the salaries and wages of employees deployed in the railway activity. Hence the provision for wage revision should be made in the railway activity also. In the absence of availability of details of employees and wage cost under each of the activities, the estimated provision for wage revision is spread over all the activities in the ratio of the sum of operating expenditure and management and general overheads of each activities.

(viii). Clause 2.7.1 of the revised tariff guidelines stipulates that depreciation would be allowed on the straight-line method following the life norms adopted as per the Companies Act. The TPT has confirmed that it has calculated depreciation as per the revised tariff guidelines. Though the TPT has not furnished detailed computation of depreciation based on the rates prescribed in the Companies Act, it has furnished a statement showing the depreciation rates adopted by the ports based on the Government guidelines and the depreciation rate applicable as per the Companies Act. The depreciation as calculated by the TPT for the years 2005-06 to 2008-09 is relied upon and considered for the purpose of this analysis. The depreciation estimated by the TPT for the year 2009-10 is moderated to the extent the capital cost pertaining to inner harbour dredging is not considered in this tariff revision exercise.

(ix). (a). The estimate of Finance and Miscellaneous Income (FMI) excludes interest on investment and interest on advances given to the employees. The cost statement shows a drop in the estimated Finance and Miscellaneous Income (FMI) for the year 2007-08 in comparison to the actuals reported in the year 2006-07.

Though the revised cost statement is not prepared based on the R.E. 2007-08 and B.E. 2008-09, these documents are referred to understand the reasonableness of the estimation. It appears from the R.E. 2007-08 and B.E. 2008-09 that the reduction in the estimation of finance and miscellaneous income is on account of drop in income from penalty recovery estimated during these years in comparison to the actual recovery in 2006-07. Since penal recovery is not a definite source of revenue, the finance and miscellaneous income as estimated by the TPT is considered in the cost statement.

(b). The estimated Finance and Miscellaneous expenditure does not include interest on loan and ex-gratia payments. The port has included an estimated insurance cost of Rs.2 crores under this head which works out to less than 0.5% of the net block of assets reported for the year 2006-07.

The port has clarified that the estimated expenditure is on the insurance taken to cover specific risks against natural calamities like floods, cyclones, Tsunami, etc. Based on the clarification furnished by the TPT, estimate of insurance cost is considered in this analysis subject to verification during the next review of its Scale of Rates.

The TPT has agreed to follow clause 2.14. of the guidelines as and when a common decision for all major ports is taken by the Indian Ports Association.

(c). The TPT has confirmed that cost statement includes estimated annual contribution to pension fund and gratuity fund computed at 15% and 8.33% of wages respectively. It has confirmed that one time expenses such as arrears of wages/ pension, VRS contribution, etc., are not included in the estimates of Finance & Miscellaneous expenditure. In the light of the clarification furnished by the port, the FME estimated by the TPT for the years 2007-08 to 2009-10 are considered.

(x). (a). The port was advised to review the additions to capital with reference to the present status of different capital projects. In the revised cost statement filed on 9 January 2008, the port has deferred the proposed capital expenditure of Rs.4000 lakhs towards construction of Coal Berth, Rs.3000 lakhs towards construction of shallow draft berth and Rs.1500 lakhs for reclamation of pavement to the year 2009-10. The additions to the gross block of assets for the year 2007-08 are scaled down in comparison to estimates furnished earlier.

The revised net fixed assets excluding the assets pertaining to capital dredging and railway activity is estimated by TPT at Rs.259.80 crores, Rs.334.25 crores and Rs.1013.57 crores for the years 2007-08 to 2009-10 respectively. The total capital employed (i.e. net fixed assets plus working capital) estimated in the revised cost statement is Rs.282.24 crores, Rs.358.93 crores and Rs.1040.73 crores for the corresponding years. Major additions proposed to the gross block of assets and estimation of working capital are discussed hereunder:

(b). The proposed capital outlay in the year 2007-08 mainly includes Rs.2000 lakhs for widening the port roads from the Western Boundary to Green gate and Rs.500 lakhs towards technology improvement.

The port has confirmed that work order for widening the road was issued in October 2006 and the work is completed in the financial year 2007-08. As regards, IT investments the supply order was placed in March 2007. The proposed investments are considered based on the submissions made by the port.

(c). The TPT has projected capital outlay of Rs.4000 lakhs in the year 2008-09 towards construction of Berth No.9. It has estimated additional capacity of 1.5 Million tonnes per annum on account of the proposed new berth. The traffic projection is reported to consider additional traffic likely to be handled at the said berth. The port has confirmed that the work order was issued in November 2006 and the work is in progress. Based on the clarification furnished by the TPT, the capital outlay proposed by the TPT for this project is considered in the years 2008-09.

Capital investment of Rs.1290 lakhs is estimated towards procurement of equipment. The equipment is expected to be commissioned by December 2008. The expected improvement in performance / reduction in unit operating cost due to these investments remain unexplained. The proposed investments are considered relying on the expected period of commissioning of the equipment furnished by the TPT.

(d). One of the major capital investments envisaged is the Inner harbour dredging project in the year 2009-10. The original estimate of this project at Rs.450 crores has been revised to Rs.538 crores in the revised cost statement. The TPT has submitted that that the Planning Commission has accorded in principle approval to the project and has, therefore, requested to consider the proposed capital dredging project cost in the year 2009-10.

Though 'in principle' approval to the proposed capital dredging project has been received, the TPT has admitted that final clearance of the Government of India for execution of the project is still awaited. The financing pattern for the project is yet to be firmed by the port in consultation with the Government of India.

It is noteworthy that this huge investment is planned to be made at the fag end (2009-10) of the validity period of the tariff and TPT envisages the project to be completed by 18 months. As the work has not started even now, it is doubtful whether the project would be completed and commissioned within the year 2009-10. That being so, it is not found appropriate to burden the users right now by including the effect of the proposed capital outlay in tariff computation. The proposed outlay of Rs.538 crores is, therefore, not considered for the computation of return on capital employed. In similar situation, the same approach was followed in the cases relating to general review of tariff at MBPT and JNPT also.

The estimation of capital employed under the vessel related activity is moderated to the extent the capital investment proposed on this project is disallowed. Suitable moderation is done in the estimation of depreciation as well. Though the capital investment for this project is not considered in the tariff validity cycle, as already mentioned earlier, port can partly meet the project cost incurred in 2009-10 by deploying the funds from Escrow Account with reference royalty revenue received in the year 2005-06.

If it so happens that the inner harbour dredging project would be completed within the current tariff validity period itself, the TPT is allowed to submit a suitable proposal for recovery of the cost of capital dredging at least 6 months before the likely commissioning of the project.

(e). The estimated capital employed for the year 2009-10 include Rs.40 crores towards construction of North Cargo Berth (NCB) and Rs.30 crores towards construction of shallow water berth. It is reported that the Government of India has accorded sanction to the proposed capital outlay for construction of North Cargo Berth. The TPT has submitted that work order is being issued and anticipates the commissioning of NCB by March 2009. The port has stated that the construction of shallow water berth shall be taken up after completion of 9^{th} berth construction.

The port has assessed capacity addition of 6.775 million tonnes and 0.75 million tonnes after commissioning of NCB and shallow water berths. The traffic projections reportedly include 5 million tonnes of additional traffic likely to be handled at the NCB. The TPT has also confirmed that traffic projections for the year 2009-10 takes into consideration the additional traffic expected to be handled at the shallow water berths. Based on the clarification furnished by the TPT, the proposed capital outlay for NCB and shallow water berths may be considered in the year 2009-10.

(f). Though TPT has confirmed that it has estimated the working capital as per tariff guidelines, the estimation of sundry debtors and the cash balance under the current assets furnished by the port are not found to be in line with norms prescribed under Clause 2.9.9. of the tariff guidelines. The estimates of sundry debtors and cash balance are, therefore, modified in line with the tariff guidelines.

The TPT has pointed out that the estimation of current liabilities for the years 2007-08 to 2009-10 is with reference to the actuals reported in the Annual Accounts for the year 2006-07.

If the estimates of current liabilities for the years 2007-08 to 2009-10 are compared with admissible elements of current assets, the working capital becomes negative figure. Therefore, the working capital is taken as NIL for the years 2007-08 to 2009-10.

(g). Subject to the above modification, the capital employed considered in the tariff revision exercise of TPT is Rs.259.80 crores in 2007-08, Rs.334.25 crores in 2008-09 and Rs.471.72 crores in 2009-10 excluding the assets pertaining to capital dredging and railway activity.

(h). The assets are classified into business assets and business related assets. The port has clarified that the proposed investment on widening the roads within the port limits from wharf end to outside the port check post is to facilitate quick movement of equipment / vehicles plying in the port and therefore is classified as business assets. It has confirmed that the categorisation of assets as business assets and business related assets is in line with clause 2.9.8. of the revised tariff guidelines. The modified estimates of capital employed are segregated into business assets and business related assets on same proportion maintained by the port in the revised cost statements furnished by it.

(xi). Clause 2.9.10 of the revised tariff guidelines 2005 stipulates that Return on Capital Employed (ROCE) allowed should be linked to capacity utilisation. The TPT has assessed the capacity of the port at 20.55 million tonnes for the year 2007-08, 27.20 million tonnes for the year 2008-09 and 46.50 million tonnes for the year 2009-10 after taking into consideration the investments / infrastructure facilities proposed to be deployed in each of the corresponding years.

With reference to the revised traffic projections relied up in this exercise, the capacity utilisation works out to be more than 60% for the years 2007-08 and 2008-09 and, therefore, the TPT is entitled to claim full return on capital employed. The key parameters involved in the determination of ROCE have been reviewed in line with the tariff guidelines. It is found that the variance in ROCE so reviewed is less than 1% in comparison to the existing ROCE of 16%.

In view of this, the existing maximum ROCE @ 16% is allowed on the business assets on the moderated estimates of the capital employed in line with the tariff guidelines.

The TPT has computed return on business related assets @ 6.35%. Return on the business related assets is allowed at the risk free rate of 7.4% instead of 6.35% considered by the TPT for the years 2007-08 to 2009-10.

The capacity utilisation for the year 2009-10 works out to be 59.4% which falls marginally short of the cut off limit prescribed in the guidelines for claiming full ROCE.

The TPT has not specifically assessed the capacity addition on account of the proposed dredging project in the year 2009-10. It has, however, with reference to our query on capacity clarified that capacity utilisation is less than 60% due to inclusion of dredging in 2009-10. Relying upon the position reported by TPT in this regard and in view of the exclusion of the capital dredging project from the capital employed for the year 2009-10 for reasons stated earlier, the capacity utilisation of the port is taken to be above 60%. Based on this presumption, maximum ROCE of 16% of business assets and 7.4% on business related assets is allowed on the modified estimation of capital employed for the year 2009-10.

(xii). (a). Clause 2.13. of the tariff guidelines mandates this Authority to review the actual and physical performance of the major ports at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff.

The last review of the Scale of Rates of TPT was done in September 2002 relying on the estimated cost position for the years 2002-03 and 2003-04. No upward revision was allowed to the TPT based on the net surplus reflected in the cost statement. The TPT has continued to operate its facilities at the tariff level approved in September 2002. Hence the assessment of past period will cover the period from 2002-03 to 2007-08.

(b). The TPT has furnished a consolidated cost statement including the dredging activity for the past period 2002-03 and 2003-04. During the last tariff revision, the cost position excluding the dredging activity was prepared to analyse the tariff of the TPT. Hence the same approach is followed for assessing the actual performance for the past period. The cost position relating to the dredging activity is analysed separately.

(c). The actuals relating to operating income, operating cost, finance and miscellaneous expenditure, allocated management and general overheads, depreciation and capital employed have been considered as reflected in the Annual Accounts of the respective years subject to the following adjustments:

(i). The income from dredging levy, depreciation on dredging and interest on loan taken to finance the dredging project reported in the Memorandum of Dredging account in the relevant Annual Accounts are excluded from the port and dock income / expenditure and finance and miscellaneous expenditure for a like to like comparison with the estimates considered in the last tariff Order.

(ii). In case of Finance and Miscellaneous Income, interest on investments and advances has been excluded for all the years 2002-03 to 2006-07.

(iii). In respect of finance and miscellaneous expenditure, interest on loans and, exgratia payment have been excluded for all the years 2002-03 to 2006-07.

(iv). The Annual Accounts do not separately show the net fixed assets pertaining to capital dredging activity. The TPT has furnished the net fixed assets relating to the capital dredging activity for the financial year 2004-05 which is taken as the base and worked out backwards adding the depreciation cost to arrive at the net fixed assets for this activity for the years 2002-03 and 2003-04. The net fixed assets so arrived at is reduced from the net fixed assets reflected in the Annual Accounts to arrive at the position excluding the dredging activity.

The working capital will work out to be a negative based on the approach followed in the last tariff Order for the years 2002-03 and 2004-05. Hence it is considered as nil.

The working capital for the year 2005-06 is taken as per the norms prescribed in the revised tariff guidelines. Since it comes to a negative figure, it is considered as nil for the years 2005-06 and 2006-07.

(v). The capital employed excluding the dredging activity is classified into business assets and business related assets for the years 2005-06 and 2006-07 in the ratio of classification of assets into such categories furnished by the TPT for the corresponding years.

(vi). Return on capital employed is computed @ 18.5% for the past period 2002-03 and 2003-04 and 17.5% for the year 2004-05 based on the then prevailing lending rate and contribution @ 3% each towards the two mandatory funds in line with the approach followed prior to issue of the revised tariff guidelines on 31 March 2005. The return on capital employed is allowed @15% on business assets. Return on the business related assets is computed at the then prevailing risk free rate adopted @ 6.35 % and 7.4% for the years 2005-06 and 2006-07 respectively in line with the tariff guidelines.

(vii). The TPT has excluded the actual income/ expenditure and assets pertaining to the Railway Activity for the period 2004-05 to 2006-07 and in the estimates furnished for the years 2007-08 to 2009-10.

Since the proposal for revision in railway siding charges is pending with Railway Board for more than five years, it has, however, proposed to set off 50% of the deficit in the railway activity from the surplus position reflected in the year 2007-08.

In this context, it is relevant to mention that the financial analysis made during the last tariff revision included railway activity to determine the overall cost position of the port. Therefore, a similar approach is followed for assessment of the surplus/ deficit position for the past period 2002-03 to 2006-07.

(viii). The tariff proposals filed by the TPT contain projections for three years viz. 2007-08, 2008-09 and 2009-10. Since the financial year 2007-08 has already drawn to a close, it is necessary to recognise the estimated net surplus position for the year 2007-08 along with the past period. Consequently, the cost position considered in this tariff revision exercise is for a truncated tariff validity period of around one and half years.

(xiii). The net surplus (excluding the dredging activity) after allowable return on capital employed subject to the above modification is as follows:

(Rs. in lakhs)

2002-03 (proportionately from date of implementation of Order)	264.47
2003-04 (Actuals)	1105.22
2004-05 (Actuals)	1888.27
2005-06 (Actuals)	3575.55
2006-07 (Actuals)	4280.85
2007-08 (Estimates)	4743.87
Total	**15858.23**

(xiv). The pension fund, gratuity and superannuation liability reportedly assessed under the actuarial method by Life Insurance Corporation is Rs.202.98 crores as on 1 April 2006. The fund liability after considering the contribution of the year 2006-07 is estimated at Rs.206.26 crores. The balance reportedly available in the pension fund and gratuity fund upto 31 March 2007 is Rs.124.34 crores. This still leaves a gap of Rs.81.92 crores. The TPT while processing the proposal had proposed a special rate @ 10.3% for five years from 2007-08 to recover the short fall in pension liability. In view of the strong objection from most of the user organisations, this proposal was withdrawn by the port. In the revised cost statement, the port has partly set off this shortfall uniformly at Rs.16.60 crores from the surplus / deficit reflected in the cost statement for the years 2007-08 to 2009-10.

As per the revised tariff guidelines, 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. The assessment of the past period i.e. 2002-03 to 2007-08 reflect a revenue surplus of Rs.158.58 crores which adequately covers the shortfall in the Pension fund liability of Rs.81.92 crores. This still leaves a balance of Rs.76.66 crores which could be taken to partly offset the deficit in the dredging activity for the past period as explained hereunder.

(xv). The TPT has reported that loan obtained from the JBIC in Yen has been liquidated in January 2005 by repaying partly from own resources and partly by taking another IDBI loan of Rs.182.06 crores. As already mentioned earlier, the special rate for dredging has been approved mainly to meet the debt servicing liability relating to the project. The port has, on our advice, maintained a separate memorandum of dredging account reflecting the income / expenditure under this activity. The surplus / deficit in the dredging account at the time of repayment of the Yen loan and the impact of the fresh loan taken by the port on the dredging levy is analysed hereunder:

(a). The TPT had taken a total loan of 60261.30 lakhs Japan Yen in the years 1999-2000 and 2000-2001 to finance the capital dredging project. The loan amount in rupee terms is reported at Rs.229.93 crores based on the exchange rate prevailing on the date of the transaction. The period of loan was for 20 years and repayment of loan was after a moratorium period of 7 years. The loan carried an interest rate of 2.3% per annum payable semi-annually and 1.2% Guarantee fee.

(b). This Authority while initially approving the special rate for dredging in the year 2000 had pegged the rate at 50% of the vessel related charges recognising that the traffic projections made by the port at the time of clearance of the project had not materialised. The port was advised to bear the part of the dredging cost i.e. Rs.4 crores from the accumulated reserves till the traffic projections made by the port became a reality. This decision of requiring the port to meet Rs.4 crores from accumulated reserves was retained while revising the special rate for dredging in September 2002 since the desired level of traffic was not achieved by the port while reviewing the rate.

On studying the Annual Accounts for the past period, it is found that this decision of this Authority was not followed. If the port had transferred Rs.4 crores per annum from accumulated reserves to the capital dredging account for the years 2000-01 to 2003-04 in line with the tariff Orders, the balance in the capital dredging account at the beginning of the year 2004-05 would have been a surplus of Rs.1354.93 lakhs. The total surplus after considering the income and expenditure in the dredging account proportionately for the year of 2004-05 till the date of repayment of the Yen loan would work out to Rs.1569.72 lakhs.

(c). The outstanding loan amount at the time of closure of the JBIC loan account is reported at Rs.255.97 crores. A fresh loan of Rs.182.06 crores was availed from the Industrial Development Bank of India to repay part of the loan. The balance of the outstanding foreign currency loan was paid out of the reserves maintained by the port.

After adjusting Rs.15.69 crores surplus available in the capital dredging account as per our calculation, Rs.58.20 crores would have been utilised from the internal resources / reserves of the port for repayment of old loan.

(d). The debt servicing liability of the IDBI loan is for seven years involving quarterly repayment of the principal and interest @ 6.50%. The dredging levy as per the working furnished by the TPT works out to be 36.67% on an average for the years 2004-05 to 2009-10 on the vessel related income from vessels availing deep draft berths other than the container berth no.VII. Despite deficit position in this activity, the port has not proposed any upward revision in existing special rate for dredging. It has suggested to recover the differential between the dredging levy required as per the cost statement and the proposed dredging levy from the surplus position during the current tariff cycle.

The average operating cost under this account considered by the TPT is Rs.1728.58 lakhs per annum uniformly for all the years 2004-05 to 2009-10. This consists of annualised debt servicing cost of Rs.1319.36 lakhs towards the JBIC loan computed for the period from June 2004 upto June 2024.

The computation of annualised debt servicing cost by TPT on the original loan of JBIC for the entire tenure of loan is not found to be correct since the JBIC loan was prematurely closed by taking a fresh loan from IDBI. As rightly stated by the TPT, if the annualised debt servicing liability of the IDBI loan at around Rs.3095 lakhs per annum is considered it would have a significant impact on the existing dredging levy. This is mainly because the IDBI loan is for a shorter term in comparison to the foreign currency loan which was spread over 27.5 years.

Since the special rate was introduced to meet the debt servicing liability of the project, the annualised debt servicing cost on the fresh loan taken from IDBI at Rs.3095 lakhs is considered to assess the deficit in the capital dredging activity for the period after January 2005. For the past period, since there was no pre-payment of loan, the actual interest paid to the JBIC as reported in the Annual accounts is considered.

(e). The capital dredging of berth no.VIII to the tune of Rs.41.75 crores was financed from the own resources of the port in the year 2003-04. This Authority at the request of the port had extended the special rate for dredging approved for deep draft berths to berth no.VIII as well in its Order passed on May 2004. The income from dredging levy and depreciation with reference to this asset is treated at par with the dredging project undertaken in 2000.

It is understood that the capital employed for dredging berth no.VIII has been excluded by the TPT from the total capital employed considered for general revision of tariff. Since the capital dredging for berth No.VIII is funded from the resources of the port, the relevant capital expenditure entitled for ROCE like any other assets. The income and depreciation with reference to this investment is considered as a part of computation of dredging levy. It is, therefore, found appropriate to consider the return on the relevant investment under the dredging activity.

Apart from this, the funds deployed by the TPT from its reserves for repayment of the JBIC loan will also qualify for ROCE from January 2005 onwards.

(f). The statement for dredging levy prepared by us subject to the above modifications shows a deficit of Rs.12710.21 lakhs for the period from 19 January 2005 upto 2007-08. For the subsequent two years 2008-09 to 2009-10, the deficit is to the tune of Rs.7151.82 lakhs.

As already mentioned earlier, the deficit in the dredging activity is mainly on account of increase in the annualised debt servicing cost and return on capital employed allowed for dredging done on berth no.VIII and on the funds deployed by TPT from the own resources to repay the original JBIC loan.

The cost position warrants the existing special rate for dredging to be increased. But, it is relevant to mention that the deficit increases due to shorter tenure of the refinanced loan. While the annual amount to be recovered has increased in absolute terms, the decision of the port to refinance the foreign currency loan would have helped to ease the burden on users due to reduced interest rate and shorter period of levy in comparison to the initial proposal of the port which was spread over 27.5 years. The TPT has proposed the existing special rate for capital dredging to continue as it may perhaps like to spread the liability for a longer duration so that immediate users are not unduly burdened because of its decision to avail a short tenure loan for refinancing. The proposal of the TPT in this regard is, therefore, accepted.

Notwithstanding the above position, in view of substantial deficit reflected in the dredging activity contrary to considerable surplus position in the overall activity of the port excluding, it is found appropriate to set off the deficit in the dredging activity from past revenue surplus as well as from the revenue surplus assessed for this tariff cycle after considering the impact of tariff reduction proposed by the TPT in its proposal.

It is admitted that this will lead to some cross-subsidisation from general services to the dredging activity. But recognising that almost 85% of the vessel related income accrues from vessels availing deep draft berths, it is not found unreasonable to allow this cross subsidisation. The cargo activity will also be benefited indirectly.

(g). A summary of the net surplus/ deficit in the dredging account is given below:

For the period upto repayment of JBIC loan (i.e. upto 19.1.05)

Sr. No.	Particulars	Rs. in lakhs
(i).	Balance in the capital dredging Account as on 1.4.04 as per the Annual Accounts	-245.06
(ii).	Amount of Rs.4 crores per annum to be met from accumulated reserves for the period 2000-01 to 2003-04	1600.00
(iii).	Modified balance in capital dredging Account as on 1.4.04	1354.94
(iv).	Net surplus in the dredging account for the period from 1.4.04 to 19.1.05 (on proportionate basis) as per the Annual Accounts	214.78
(v).	Total balance in the dredging account considered to partly repay the JBIC Loan	1569.72
(vi).	Dredging Account balance utilised for part repayment of JBIC loan	1569.72
(vii).	Balance in the dredging Account as on January 2005	Nil

For the period after 19.1.05

Rs. in lakhs

Sr. No.	Particulars	Past period 19.1.05 till 2007-08	Estimates 2008-09 & 2009-10	Total
(i).	Deficit in the dredging Account	-12710.21	-7151.82	-19862.03
(ii).	(a). Deficit to be met from revenue surplus for the past period (2002-03 to 2007-08)	7666.23	Nil	7666.23
	(b). Deficit to be met from revenue surplus assessed for the period 2008-09 and 2009-10.	1360.56	7151.82	8512.38
(iii).	Estimated balance deficit in the dredging account at the end of this tariff cycle.	-3683.42	Nil	-3683.42

The deficit of Rs.36.83 crores in the dredging statement to the extent not covered from the general port activity will be reviewed during the next tariff review.

(xvi). In the light of the analysis given above, the cost statements for the port as a whole excluding capital dredging activity and railway activity and different main activities have been modified. The modified cost statements are attached as **Annex- I (a) to (d)**. The summarised results of the main activities of the port as a whole are as follows:

Sr. No	Particulars	Operating Income (Rs. in lakhs)		Net Surplus(+)/ Deficit(-) (Rs. in lakhs)		Net Surplus(+)/ Deficit(-) as a % of operating Income		Average Surplus/ Deficit %
		2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	
1.	Port as a whole	18077.04	21819.25	4857.44	5006.35	26.87%	22.94%	24.91%
2.	Port and dock services	6992.91	7567.21	(1632.72)	(2843.90)	(23.35)%	(37.6)%	(30.5)%
3.	Cargo Handling and Storage Activity	10447.30	13583.36	6314.59	7667.29	60.44%	56.45%	58.4%
4.	Estate	636.83	668.68	175.56	182.96	27.57%	27.36%	27.46%

(a). The estimated financial position at the existing level of tariff for the port as a whole excluding the dredging and railway activity shows an aggregate estimated surplus of Rs.9863.79 lakhs for the years 2008-09 and 2009-10. This works out to an average net surplus of 24.91% of the operating income for the next two years after accounting all admissible cost and permissible return. So, there is a case for reduction in the existing tariff at TPT.

(b). In absolute terms, the vessel related activity shows a total net deficit of Rs.4476.62 lakhs. This works out to an average net deficit of 30.5%. The cargo related activity shows a total surplus of Rs.13981.88 lakhs which fully offsets the deficit in the vessel related activity and still leaves a surplus of Rs.9505.26 lakhs in the cargo handling activity for the two years under consideration.

The port has proposed 5% reduction in the vessel related charges and 10% reduction in the wharfage rate on industrial coal. Apart from this, it has maintained status quo in the cargo handling and storage charges and charges for other miscellaneous services.

The proposed reduction in the vessel related activity will increase the flow of cross-subsidisation since the vessel related activity is already a deficit activity. Since the proposed reduction in the vessel related tariff flows from the demand made by the users, and the port as a whole is in a comfortable surplus position, 5% reduction is effected in all the vessel related tariff items as proposed by the TPT. Some of the users have demanded that reduction in vessel related charges should be more than 5%.

The decision to maintain status quo on special rate for capital dredging which will now be levied on the reduced base rate will provide some relief to major portion of the vessel traffic. Given the deficit position in the vessel activities, it is not considered desirable to allow any further tariff reduction, which will only escalate the incidence of cross-subsidation.

(c). In the revised proposal, the TPT has proposed 10% increase in the berth hire for 10000 to 15001 GRT vessels and 10% reduction in the 15001 to 20000 GRT slab. For the vessel size 25001 to 30000 GRT, reduction in tariff is proposed to the extent of 1.5%.

From the submissions made by the users it is understood that most of the vessels arriving at the TPT are below 30000 GRT. The TPT has, despite a request, not furnished the details of number of vessels expected to fall under different GRT slabs and as a result the impact of the proposed increase/ decrease on the predominant category of vessels could not be assessed. In the absence of these details, 5% reduction is effected in all the slabs in line with the tariff reduction proposed by TPT for other vessel related tariff items.

(d). The impact of the reduction proposed in vessel related tariff, wharfage for industrial coal, change in the unit of levy of way leave charge of TNEB and impact of restatement of coastal vessel tariff applying the prevailing dollar rate works out to around Rs.992.89 lakhs for the two years under consideration. After considering the impact of the proposed reduction in tariff, the port as a whole excluding dredging activity will continue to be in surplus.

(e). Strictly speaking, the existing tariff level should be reduced to the extent of surplus reflected in the cost statement. However in this case, the cost position explained above does not include the capital dredging activity which as already mentioned earlier reflects a substantial deficit. The TPT has not proposed to revise the special rate for dredging despite deficit in this activity.

Since the port as a whole reflects a surplus position, the deficit reflected in dredging activity for the years 2008-09 and 2009-10 as well as for the past period is adjusted from the overall surplus position in the port. After this adjustment of the deficit in the dredging activity, the deficit remaining uncovered in the dredging activity at the end of this tariff validity cycle is assessed at Rs.36.83 crores which will be reviewed during the next tariff cycle.

(f). A summary of the total net surplus assessed for the period 2008-09 and 2009-10 is given below:

Sr. No.	Particulars	Rs. in lakhs
(i).	Net Surplus / deficit for the years 2008-09 & 2009-10	
	(a). Vessel related activity	(-) 4476.62
	(b). Cargo related activity	13981.88
	(c). Estate activity	358.52
	Total Net Surplus for the port as a whole	9863.79
	Surplus excluding estate activity	9505.27
(ii).	Less: Impact of reduction proposed viz. 5% reduction in vessel related tariff, 10% reduction in wharfage rate of industrial coal, change in unit of levy of way leave of TNEB and restatement of coastal vessel rate based on prevailing dollar rate.	992.89
(iii).	Surplus after the proposed reduction in tariff items	8512.38
(iv).	Less: Deficit in the dredging activity for the year 2008-09 and 2009-10 as well as deficit for the past period met from revenue surplus. For the years 2008-09 & 2009-10 Rs. 7151.82 lakhs For the past period Rs. 1360.56 lakhs	8512.38
(v).	Balance surplus (iii – iv)	0.00

(g). The estate activity shows a total net surplus of Rs.358.52 lakhs. The tariff proposal in reference filed by the TPT does not envisage any increase in the existing rates of estate activity. The rates for estate activity are not fixed based on the cost plus approach. This Authority follows the guidelines issued by the Government from time to time for fixation of rates under the estate activity. The lease rental for TPT lands was last revised w.e.f. July 2002 with validity upto 30 June 2007 and, therefore, they are already due for review.

The TPT is, therefore, advised to file a separate proposal for review of rates for its estates in line with the extant Government guidelines.

(xvii). The port had initially proposed to rationalise berth hire with single rate instead of existing seven tier structure. Likewise, pilotage was proposed in three slabs as per the revised tariff guidelines. As has been mentioned earlier, the port has subsequently acceded to the demand made by the user associations to continue with the existing structure of vessel related charges.

Since the introduction of rationalised tariff structure is likely to cause unintended adverse impact on majority of vessels as per the submissions made by most of the user associations, this Authority decides to relax the relevant provision of revised guidelines. Faced with a similar situation, this Authority had already allowed a similar relief in Chennai Port Trust, Mormugao Port Trust, etc., by relaxing the tariff guidelines. The revised proposal to continue with the existing slabs for levy of vessel related tariff is based on the request made by the user associations and hence is accepted.

While deviation from the guidelines is allowed under special circumstances as a one time measure, the need to rationalise these tariff items cannot be ignored forever. The TPT should attempt to introduce suitable rationalisation in these vessel related tariff items prescribing the base rate such that the impact of increase, if at all necessary will be gradual across all the categories.

(xviii). The proposed note no. vi(b) under general terms and conditions stipulates that the rate of penal interest will be 2% above the Prime Lending Rate (PLR) of the State Bank of India. On our advice to prescribe a specific interest rate based on the prevailing PLR of State Bank of India, the TPT has contended that this may not be necessary.

The Scale of Rates of other major ports / private terminals stipulate the penal rate of interest in line with provisions made in the tariff guidelines. The proposed note is, therefore, modified to reflect the applicable penal rate of interest of 14.75% (i.e. at 2% above the prevailing PLR of State Bank of India at 12.75%) as per clause 2.18.2. of the revised tariff guidelines.

(xix). The concessional tariff in respect of vessel related charges for coastal vessels is proposed adopting the exchange rate of Rs.43.52 for conversion of dollar denominated rate into rupee terms. The revised tariff guidelines stipulate that restatement of rates for coastal vessel may not be resorted to with reference to prevailing exchange rate at the time of each general revision of Scale of Rates. The objective of this clause is to ensure that the coastal vessels are not burdened on account of fluctuation in the exchange due to such restatement. The exchange rate considered at the time of the last general revision of the Scale of Rates of the TPT was at a higher level in comparison to the prevailing rate. If the coastal vessel rates are not restated with reference to the current level of exchange rate, it will not comply with the Government guideline requiring such tariff to be prescribed at the concessional level at 60% of the tariff applicable for the foreign-going vessels. That being so, restatement in the present situation of falling exchange rate is necessary to maintain the minimum prescribed coastal concession.

The current exchange rate is around Rs.43.46 (at the time of finalising this analysis) and, therefore, the tariff for coastal vessels is derived accordingly. The financial impact of reduction in the revenue of the port on account of restatement of tariff for coastal vessel is a marginal figure of Rs.3.70 lakhs for the years 2008-09 and 2009-10 which is considered in the financial model.

(xx). The TPT was requested to incorporate a note stating that the users should not be required to pay charges for delays beyond a reasonable level attributable to the port as stipulated in the clause 2.15. of the revised tariff guidelines.

The argument made by the TPT that it is not necessary to incorporate the said conditionality since suitable provisions are already proposed in the berth hire charges and anchorage fee is found misplaced. The note stipulated in the tariff guidelines is a general condition applicable for delays attributable to the port with reference to any of the services offered by the port. Hence, the said provision is incorporated in the Scale of Rates of TPT in line with the prescription in the Scale of Rates of other major ports / private terminals.

(xxi). The frequency of levy of port dues in respect of coastal vessels is once in 30 days upto maximum of three entries as per the existing Scale of Rates of the TPT. Since port dues is a fee for entry of a vessel, the TPT was advised to review the existing practice of levying port dues for coastal vessels with suitable reduction in the rate.

The TPT has clarified that the existing provision of levy of port dues is based on the earlier provisions of Indian Ports Act 1908. The beneficiaries of this provision are mostly thermal coal vessels and 50% of oil vessels. A coal vessel is reported to enter twice every month. It has, therefore, in the revised draft Scale of Rates proposed to levy 50% of the prescribed port dues for each entry in respect of coal vessels arriving at Coal Jetty I and II under coastal category.

The proposal of the TPT is silent on the benefit derived by coastal vessel other than coal and oil vessel under the existing tariff arrangement. It would be more appropriate to arrive at the rate based on the average income earned from this tariff item during the immediate past three years over the average GRT of the vessel for the corresponding period instead of an isolated provision made with reference to coal vessel. In the absence of the requisite information it may not be possible for this Authority to prescribe the rate. The TPT is, therefore, advised to adhere to our advice at the time of the next tariff review while prescribing the unit of levy of port dues for coastal vessel at par with foreign-going vessel. Till such time the existing unit of levy of port dues for coastal vessel is allowed to continue.

(xxii). The pilotage fee prescribed in the existing Scale of Rates of the TPT includes the services of pilot(s), provision of required number of tug / tugs, launches for inward and outward movement for pilotage of vessel and once shifting operation at the request of user within the dock basin. The TPT has proposed to retain the existing provision in its revised draft Scale of Rates.

Clause 6.4. of the revised tariff guidelines stipulates that pilotage-cum-towage fee 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'. It allows the port to levy separate shifting charges for shifting done at request of the vessels. The TPT was requested to modify the proposed conditionality in line with the revised tariff guidelines with corresponding reduction in the composite pilotage fee by separating the element of shifting done at the request of users which is presently included in the composite fee. Even the Tuticorin Custom House Agents Association has pointed out that the pilotage fee should be reduced to the extent one shifting component at user's request is included in the composite fee. Despite specific mention in this regard, the TPT has not separated the shifting element from composite fee on the pretext that towage and pilotage activity together reflect a revenue deficit position.

Though this particular activity as well as vessel related activity are in deficit, the surplus in the cargo handling activity adequately covers the deficit in the vessel related activity and the port as a whole finally emerges to be in a surplus position. That being so, the reasons cited by TPT for deviating from the tariff guidelines for prescribing this provision is not accepted.

From the existing definition of pilotage fee, it is evident that the composite fee includes one shifting charge of vessel at the request of user. Hence, when this component is to be excluded from the definition of pilotage fee, obviously the unit rate of pilotage fee is to be reduced correspondingly. At some of the other major ports, the element of shifting is taken as 10% of the composite rate for segregation purpose.

In the absence of cost details furnished on the shifting element included in the existing composite fee, a reduction of 10% in the composite pilotage fee is effected in line with the decisions taken at the other major ports. Separate shifting charges are introduced for shifting done at the request of the vessel.

(xxiii). The existing and the proposed provisions relating to shifting charges are discussed hereunder:

(a). Shifting charges linked to pilotage fee was approved by this Authority in its Order passed on 22 June 2004 for shifting of a vessel to outer anchorage or any other berth on account of its non-performance. Chairman (TPT) has been empowered to take a decision to shift a vessel to outer anchorage or any other berth on account of its non-performance. The shifting charge is prescribed at 25% of pilotage fee for vessels shifted to berth nos. I to VI or between Coal Jetty and Oil Jetty. For vessels shifted from Coal Jetties and Oil Jetty to berth nos. I to VI and vice versa, the shifting element is prescribed at 50% of the pilotage fee. While according approval to this provision, the TPT was advised to file suitable proposal prescribing broad guidelines / principles for application of the provision based on experience gained in the operations.

The TPT was reminded to propose a suitable modification in the proposed conditionality to bring in transparency in shifting mechanism on account of non-performance of vessel. Though the TPT has admitted the significance of prescribing the productivity norms for shifting of vessels on account of its non-performance it has, however, pleaded that the principle cannot be applied in its case since there could be different variables encountered at different berths for non-achievement of productivity norms like waiting for the berth, availability of sufficient number of lorries, usage of ship's gears, etc. Hence, it has requested to allow some sort of flexibility for accounting such delays and consequent loss in the productivity taking into account the available requirement for the berths. Further the handling of the vessels by both the port as well as ship's own derricks and private equipment are strictly not comparable. It has, therefore, requested not to insist on prescribing productivity norms for shifting of vessel on account of non-performance.

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

(b). This Authority in its Order passed on 27 December 2005 approved shifting charge at 33% of the applicable pilotage fee which is leviable when a working vessel is shifted to accommodate dusty cargo vessels at the specified berths during bunching of dust generating cargo vessels in the port.

Apart from shifting charges, cleaning charge at Re.1 per tonne is also prescribed on cargo discharged by such vessels at the specified berths. The TPT has proposed to retain the existing provisions pertaining to shifting charges and cleaning charges for handling dust generating cargo vessels in the revised proposed Scale of Rates.

The Tuticorin Custom House Agents Association has pointed out that the port should not collect the charges for cleaning the port roads and berths. This issue is already deliberated and decided while approving the charges in December 2005 and hence there is no reason to review the existing arrangement based on the request made by the Tuticorin Custom House Agents Association.

The Tuticorin Stevedores Association has pointed out that the charges for handling dust generating cargo at berths other than the earmarked berth nos. III and IV mainly arises due to inadequate capacity for handling dusty cargo. The TPT has also admitted this fact and has agreed to initiate action to add to the required capacity for handling such vessels. It is necessary to recognise the lead time taken in executing and providing infrastructure facilities. It is expected that TPT will carry out a proper study on the demand for this facility and initiate necessary action early.

(c). The TPT has proposed to introduce a new shifting charge for shifting done at the request of vessel. In the initial proposal, the shifting charge was proposed as a percentage to pilotage fee.

Despite specific advice rendered in our earlier Orders, TPT has not justified the proposed shifting charge with reference to the cost of services provided for shifting a vessel between the respective berths and de-linked it from the pilotage fees. It has clarified that the proposed shifting charge linked to pilotage fee is with reference to distance involved alongside berths and across the performance in North Break Water (NBW) and South Break Water (SBW). It has pleaded that recognising the nature of operations in Tuticorin Port and for sake of simplicity, the proposed shifting charge as a percentage of pilotage fees may be accepted.

The port has subsequently proposed shifting charges on GRT of vessel without linking it to pilotage fee in the revised proposed Scale of Rates. The rate in absolute terms prescribed is, however, not cost based but derived @ 25% / 50% of the pilotage fees.

Shifting at the request of vessels will attract separate shifting charges as stipulated in clause 6.4. of the revised tariff guidelines. It is noteworthy that, as has been explained earlier, the composite pilotage fee is reduced to exclude the shifting element. Therefore, the proposal for levy of separate shifting charge for movement of vessels between certain specified berths is accepted.

However, the different quantum of shifting charge proposed for movements of vessels between North Break Water and South break water and charges proposed for movement of vessel from NBW to SBW and between various other specified berths are not justified with cost details.

Nevertheless, recognising that the proposed shifting charges are comparable to the shifting charges prescribed for vessel shifted between various berths on account of non-performance of vessel, the proposed shifting charge is approved.

The TPT is, however, advised to formulate a well analysed proposal along with the cost details to justify the proposed rate at the time of next tariff review.

(xxiv). A general note is introduced in the revised Scale of Rates under the Schedule of shifting charge to state that convenience of the agent or port for shifting a vessel will be decided by the Chairman (TPT) on every occasion. The proposed note is introduced by TPT to overcome specific operational problems. The stated policy of this Authority as already held in many cases is not to give any discretionary powers to the regulated entities. The movements of vessels which are to be treated as shifting for port convenience are explicitly defined in the existing Scale of Rates and the same are retained in the revised proposed Scale of Rates. It is, therefore, not appropriate to allow such discretionary powers to decide shifting of the vessel for convenience of agent or port on every occasion. In order to overcome the operational problem as submitted by the port, the proposed note is modified to state that Chairman (TPT) may decide whether the movement of a vessel is for port or agent’s convenience only in any extra-ordinary circumstances and in cases, which are not specifically provided in the Scale of Rates of the port.

(xxv). The existing Scale of Rates prescribes hire charges for tug, launches with reference to the individual names of equipment. On our advice, the port has proposed hire charges with reference to capacity range of equipment, tugs, etc.

The proposed note no. 1 under schedule of Tug Hire Charges stipulates that the tug services shall be provided as part of pilotage service without any charge. The TPT on our advice has agreed to incorporate a sentence stating that the tug services provided, as part of shifting of a vessel shall also be without any charge. The proposed note no. 1 is updated to incorporate this sentence.

(xxvi).(a). In the existing Scale of Rates, additional berth hire is prescribed for overstay of a vessel after expiry of 12 hours notice given by the Deputy Port Conservator to vacate the berth. The existing additional berth hire for the first slab works out to almost 30% of the berth hire applicable on the highest rate prescribed in the berth hire schedule for a 30,000 GRT vessel. For fishing vessels, separate additional berth hire at four times and six times of the applicable berth hire is prescribed in the existing Scale of Rates.

In the proposed Scale of Rates, TPT has proposed to apply additional berth hire charge prescribed for fishing vessels for normal vessels and has also proposed to reduce the notice period to vacate the berth from existing 12 hours to 4 hours.

When advised the port to incorporate broad guidelines / circumstances under which the Deputy Conservator will issue a notice to a vessel to vacate the berth, the TPT has made a general statement that the notice will be issued to a vessel to vacate the berth if the productivity norms are not complied with despite instructions to improve the same as decided in the Berthing Committee Meeting.

This Authority shares the concern of the port to have the berth, which is a scarce resource to be vacated to avoid overstayal of vessel on account of non-productivity. However, circumstances under which the vessel will have to vacate should be known in advance to the vessel. In the absence of specifying the broad criteria for removal of vessel from the berth, the notice period of 4 hours to vacate the berth proposed by the port may not be sufficient.

In the light of the above position, the modification proposed by the TPT is not approved. The TPT is advised to formulate a suitable proposal prescribing the broad circumstances under which the vessel will be issued notice to vacate at the time of the next tariff review. The views of the port users may also be obtained while formulating such a proposal. Till such time, provision relating to additional berth hire prescribed in the existing Scale of Rates is allowed to continue subject to effecting 5% reduction proposed for vessel related tariff.

(b). The existing Scale of Rates provides for a rebate @ 20% of the applicable berth hire charges in respect of vessel berthed at additional berths, figure jetty and shallow water berth where wharf crane facility is not available. The port has proposed to retain this condition in the proposed Scale of Rates.

The TPT has clarified that presently it provides wharf cranes at berth nos. III and IV and does not deploy wharf crane at other general cargo berths. The proposed conditionality does not explicitly state that rebate in berth hire would be applicable to any other general cargo berth where wharf crane is not provided by port other than those specified. The proposed condition is, therefore, partially modified to that extent to make the provision explicit.

(c). The tariff guidelines stipulate that the users should not be required to pay charges for delays beyond reasonable level attributable to the port. The TPT has agreed to our advice to incorporate a conditionality to state that no berth hire shall be levied for the period when a vessel idles at a berth for continuous one hour or more due to breakdown of port equipment or power failure or any other reasons attributable to the port in line with such a prescription introduced at other major port trusts.

(d). The TPT has proposed to levy the applicable berth hire charge for one day as the minimum charge in case of cancellation of services requisitioned including amendment to berthing schedule, cancellation of berthing, amendment to entry in the system of E-booking etc. The TPT has clarified that the proposed cancellation charges are in the form of penalty and hence it is appropriate to be linked to GRT of vessel instead of prescribing a uniform rate. Recognising that the proposed levy is a deterrent measure, the same is accepted.

(xxvii). (a). In the existing arrangement, vessels coming from or sailing to Maldives are exempted from payment of Anchorage fees. Likewise, for vessels coming from or sailing to Colombo, the anchorage charges accrue for stay beyond 48 hours.

The port has proposed to withdraw the exemption in anchorage fee granted to vessels from / to Maldives. It has proposed to levy anchorage fee for vessels coming from / to Maldives for stay of vessels more than 24 hours and for vessels coming from / to Colombo, the anchorage fee is proposed for stay beyond 24 hours as against existing 48 hours free stay allowed.

When advised to clarify the reasons for proposed modifications, the TPT has pleaded that its earlier proposal introducing these concessions contained some omissions. It is difficult to accept the stand by the TPT since the earlier proposal of TPT clearly prescribed the provisions granting exemption / relief in anchorage fee to these categories of vessels which was approved by this Authority following the usual consultation process.

Granting concessions in tariff is essentially governed by the commercial considerations of a port. Neither the law nor the tariff guideline mandates a concession to be given to the particular category of vessels in reference. The concessions were earlier granted based on the proposal of TPT and, therefore, it can be withdrawn based on the commercial decision of the port. Notwithstanding withdrawal of the concession, the port, in deserving cases, can reduce the rates prescribed in the Scale of Rates in view of the general delegation of power given to it in this regard.

(b). While approving the TPT proposal for levy of anchorage fee as a percentage of applicable berth hire charge in the year 2004, the TPT was advised to propose GRT based anchorage fee with reference to the location of anchorage, depth available thereat, etc., without linking it to berth hire charge during the next tariff revision. The point was reiterated while processing the tariff revision proposal of the TPT. The TPT has clarified that the depth available at anchorage is uniform and hence fixing differential rates according to depth is not relevant in its case. Based on the clarification furnished by the TPT, the anchorage fee proposed by TPT is approved subject to denominating it in absolute terms so that it no longer has reference to the berth hire charges.

(xxviii).(a). In its revised proposal, the TPT has proposed to maintain the wharfage rate and charges for other miscellaneous services at the existing level with a reduction of 10% in wharfage rate for industrial coal. In the existing wharfage schedule, industrial coal falls under the tariff item "coal and coke in bulk" with applicable wharfage rate of Rs.30 PMT. In the revised Scale of Rates, a separate entry is introduced for industrial coal with a rate of Rs.27 PMT. The financial impact of the proposed reduction is estimated at around Rs.77 lakhs for the two years 2008-09 and 2009-10 for the traffic of industrial coal estimated by the TPT which is duly accounted while assessing the revenue surplus position.

(b). A new wharfage rate for copra cake is proposed at par with charcoal. The port has clarified that both copra cake and charcoal are not frequently handled and the quantity is also negligible and hence, wharfage rate for both the cargo are proposed at the same level. It has confirmed that the method and cost of handling copra cake is similar to that of charcoal. Based on the clarification furnished by the TPT, and recognising that none of the users have raised any objection, the wharfage rate proposed for copra cake is accepted.

(c). As per the policy directions issued by the Government, concessional rate is applicable to coastal cargo except thermal coal, POL including crude oil, iron ore and iron ore pellets. LPG is also entitled for coastal concession as per the clarification furnished by the Department of Shipping. The initial proposal of the TPT did not to prescribe concessional rate for coal and coke handled in Coal Jetty and for LPG. The TPT on our advice agreed to prescribe concessional wharfage rate for these two cargo items in line with the direction issued by the Government. Hence the wharfage schedule is modified to that extent. Since coal other than thermal coal, if any, handled through coal jetty under coastal category is entitled for concessional tariff, a separate entry is made in the wharfage schedule in this regard. Typographical error observed in prescribing the wharfage rate for Liquefied Petroleum Gas (LPG) is corrected.

(d). The existing system of advalorem wharfage rate for a few cargo items is proposed to continue. The TPT was requested to propose wharfage rate based on weight or volume of cargo with reference to cost of handling the relevant cargo in place of the advalorem wharfage rate. The TPT has agreed to phase out the advalorem wharfage rate at the time of next general revision of its tariff and has, therefore, requested to continue with the existing arrangement for the current tariff cycle. It is relevant to mention that the revised tariff guidelines recommends phasing out the advalorem structure in five years. The request made by the TPT to continue with the existing arrangement for the current tariff cycle is accepted. The TPT is advised to propose specific wharfage rate based on unit / volume in respect of this cargo item at the time of next tariff review.

(e). The existing Scale of Rates stipulates that wharfage charge on bulk cargo shall be recovered on the manifested tonnage of the vessels. The TPT has proposed to incorporate a provision stating that in case of export cargo, wharfage shall be levied as declared in the Export General Manifest (EGM) or with reference to the entire quantity admitted whichever is higher even if the quantity declared in the EGM is less than the admitted quantity. Likewise, in case of import cargo, wharfage is proposed to be levied on the Import General Manifest or the entire delivered quantity whichever is higher. The TPT has clarified that the proposed provisions are introduced in view of objection raised by Auditors on short collection when the actual admitted quantity / actual delivered quantity is higher than the manifest tonnage. Since the proposed modification is a remedy for the difficulties faced in the past, the proposal in this regard is approved.

(f). The note no. 5 proposed by the TPT in the initial proposal about levy of wharfage rate in case of unloading and loading of cargo as restow in the same vessel was not found to be explicit. The TPT has, subsequently, on our advice modified the said note to explicitly state that no wharfage shall be levied on cargo loaded into a vessel and subsequently unloaded due to various reasons and if the same cargo is reshipped in the same vessel without leaving the port's premises. Wharfage charge is proposed to be levied if the cargo is reshipped in another vessel. The proposed provision is in line with the prescription made in the Scale of Rates of Chennai Port Trust and hence is accepted.

(g). The TPT has requested to retain the present system of levy of wharfage for miscellaneous article based on the highest rate in view of complications in applying wharfage in such cases based on the rate applicable for individual cargo items as suggested by this Authority. It is noteworthy that the provision suggested by us is already in operation at some of other major ports. The TPT should strengthen its operational procedure and follow the suggestion made by us in this regard. In the revised Scale of Rates, the relevant conditionality is included in line with the suggestion made by us to the port earlier.

(h). The TPT has proposed to introduce cleaning charges @ Re.1 per tonne for all bulk import / export cargo including granite blocks and logs but excluding general cargo and machinery. It is relevant to mention that the expenditure estimated by the TPT includes the cost involved for providing this service. The estimates furnished by the TPT are relied upon in this analysis except moderations done for escalation in the cost as per the tariff guidelines.

The cargo handling activity and also the port as a whole at existing tariff level show a surplus position. The existing rates prescribed in the Scale of Rates include the cost involved for providing this service. There is, therefore, no case for introducing any additional levy. However, in case the TPT feels a separate rate need to be prescribed for cleaning charges then it may file a separate proposal alongwith suitable reduction in the existing rate to that extent.

(i). A note stating that the minimum wharfage rate will be Rs.50 is proposed to be introduced. The proposed provision is intended to cover the charges of wharfage and other administrative charges of billing and postage.

Instead of proposing a minimum charge for a particular tariff item it is found appropriate to prescribe a minimum charge on the aggregate of all the bills as prescribed in the Scale of Rates of a few other major ports like the Chennai Port Trust, Cochin Port Trust, etc. Accordingly, a general conditionality is prescribed stating that the aggregate of all bills payable on cargo related charges for one consignment would be subject to a minimum of Rs.50.

(xxix). (a). The demurrage charges on cargo and number of free days are proposed at the existing level. As per the existing Scale of Rates, the calculation of free period excludes Sundays, Custom holidays and the ports non-operating days. As per the tariff guidelines, free days must exclude Custom holidays and ports non-operating days. The proposed note no. 1 is, therefore, partially modified in line with the tariff guidelines.

(b). As per the existing Scale of Rates, the free period for import cargo is calculated from the day following date of complete discharge of goods from the vessels onto jetties, quays or wharves. In the proposed Scale of Rates, the TPT proposes to compute free days for import from the day following the completion of 50% of discharge of goods from the vessels. The TPT has clarified that the proposed modification in computation of free period is to ensure speedy clearance of the cargo, provide sufficient space for fresh cargo, and to speed up the turnaround of vessels in view of limited storage space available in the port. The revised tariff guidelines do not stipulate any specific method for computation of free period on cargo. But, it stipulates that the free period for import container shall commence from the day after the day of landing of the container. At most of the other major ports as well, the free period on import cargo commences from the day following the day the cargo is discharged from vessel. The proposed change in the existing provision at TPT will have a financial implication on users and the port has not furnished any impact analysis statement to understand the effect of the proposal. If congestion prevails and it becomes necessary to induce speedy clearance, it would be a better course for the port to propose alteration in the free period after carrying out a careful dwell time analysis. A status quo is to be maintained in the method of computation of free period on import cargo.

(c). The existing Scale of Rates of TPT stipulates that in case there is shortage of space in transit sheds, some of the warehouse/s can be declared as transit area for storage of cargo on transit terms during that period. The TPT has proposed to retain the existing note giving discretionary powers to Chairman (TPT) to declare some of warehouses as transit sheds in case of shortage of space in transit sheds on a case to case basis. When advised to specify the circumstances whereby or broad guidelines under which the warehouses would be declared as transit sheds to maintain transparency in the approach, the TPT has clarified that normally the warehouses are not allotted as transit sheds. It has requested to allow the existing arrangement to continue to tide over the congestion in the wharf area due to shortage of space in transit sheds on operational necessity in the interest of cargo arrivals. Even the Ministry of Shipping, Road Transport and Highways in its Order passed on 18 October 2004 in compliance with the direction of the Hon'ble High Court of Delhi has held that the application of the existing provision by the TPT in this regard is in order.

Based on the clarification furnished by the TPT and also recognising that this provision is prevailing for the last couple of years, the proposal of the TPT to continue with the existing provision is accepted.

(d). The demurrage charge applicable for import / export cargo is proposed to be levied on cargo restacked at VOC berth where siding is made available for movement of cargo by rail. The proposed levy for restacking of cargo seems to be reasonable and hence is accepted.

(e). As stated earlier, the tariff guidelines recommend that users should not be penalised for delays attributable to port. Accordingly, the port has accepted our suggestion to incorporate a suitable condition in its Scale of Rates to exempt levy of demurrage on cargo / storage charge on container for the period when clearance could not been effected or delivery of cargo / container or shipment could not be effected when requested by the user for reasons attributable to the port.

(f). The port has also agreed to incorporate a conditionality to state that if operational area is leased on rental to user, demurrage charge on cargo / storage charge on container shall not be levied as per clause 4.6. of the tariff guidelines.

(g). Demurrage charge/license fee is introduced on packing materials such as gunny/bags/pallet remaining in the port premises beyond one day after the completion of shipment / discharge of cargo. The insertion of the proposed condition seems to be more of deterrent in nature to ensure clearance of packing materials from storage area and hence is accepted.

(xxx). (a). A premium of 25% on handling and storage charge is proposed in respect of hazardous containers. This is found to be in line with the tariff guidelines and hence is accepted.

(b). The TPT at our request has agreed to incorporate a condition to state that handling charge for transhipment containers will be restricted to 150% of the charges proposed for normal containers for single operation. In case of coastal transhipment containers, the concession in the handling charges will be calculated with reference to the applicable handling charge for coastal container for the normal handling operation in line with the revised tariff guidelines. A suitable note is incorporated in this regard in its Scale of Rates.

Another note stating that in respect of container from foreign port landing at TPT for subsequent transhipment to an Indian Port for coastal voyages or vice-versa, 50% of the transhipment rate prescribed for foreign-going vessels and 50% of that prescribed for coastal category shall be levied is also incorporated in the revised Scale of Rates of TPT in line with the direction issued by the Government. Similar prescription is made in the Scale of Rates of other major ports.

(c). Storage rent on containers is proposed to be denominated in dollar terms in case of foreign-going vessel, however, no separate rates are proposed for coastal vessel in rupee terms. Storage rent on coastal containers are prescribed separately by converting the dollar denominated rates into rupee terms based on the exchange rate considered for conversion of other dollar denominated tariff items.

(d). The charges for stuffing and destuffing the cargo from container within the port fenced area near the warehouse is proposed at 50% of the rate for the total storage area on per day or part thereof basis. When requested to propose a specific rate for stuffing / destuffing of cargo based on the cost of the services provided, the TPT has clarified that the proposed note is only a token provision and no specific cost of service is involved in the exercise by the port.

The proposal of the port is not clear as it does not explain 50% of which rate will be taken as stuffing / destuffing tariff. The services covered under the proposed rate remain unexplained. In view of these gaps observed, the proposal of the TPT is not accepted at this juncture. The TPT is advised to file a separate proposal justifying the proposed rate within six months from the date of notification of this Order.

(xxxi). (a). The hire charges of wharf cranes, fork lift truck and other equipment are proposed to continue at the existing level. It has also prescribed concessional rate for coastal cargo in case of movement from / to quay to / from storage yard. The concession tariff for coastal cargo for such movement is in line with the policy direction issued by the Government and hence is accepted subject to reduction effected in the existing tariff in line with the decision taken in the preceding analysis.

(b). The proposed note no. (i) under schedule 5.02.2 pertaining to hire charges of wharf crane stipulates that wharf crane shall be provided by TPT without levy of any charge. The TPT has clarified that the cranage component on wharf crane is included in the berth hire and hence that component shall not be levied for loading and unloading of cargo from vessels including barges and lighters.

The charges prescribed in the schedule 5.02.02. is for use of grab over and above the supply of crane. To avoid any ambiguity, the proposed note is partially modified to state that the berth hire includes component of wharf crane and hence no separate cranage charges will be levied for wharf crane provided by port (subject to availability) for loading and unloading of cargo from vessels including barges and lighters. The charges for use of grab will however, be collected as prescribed in the Schedule. The heading of the schedule is also modified by replacing the words ‘wharf crane’ with ‘use of grab for wharf crane’.

(c). There seems to be some typographical error in the hire charge proposed for mobile crane of 10 tonne capacity under Schedule 5.03 for handling cargo other than coastal cargo which is corrected.

(d). The note number (1) proposing to levy surcharge @ 20% of the applicable charge for use of harbour craft and equipment outside the port limits was found to be contradicting with reference to the provision elsewhere proposed in the Scale of Rates which states that port shall levy the charges prescribed in the schedule for plying the floating craft outside the port limits. The TPT has subsequently deleted the word "harbour crafts" from the proposed note number (1) to remove the inconsistency, observed by us. The modified note proposed by TPT is accepted.

(xxxii). The TPT has proposed concessional rate for coastal cargo for various items like passengers toll, for equipment deployed during standby period, charges for use of port's pipelines to transport ship stores, bunker oil, etc., to ships etc. As per the policy direction of the Government, concessional rate for coastal cargo / container is applicable on the relevant handling charges for ship-store transfer and transfer from / to quay to / from storage charge including wharfage. Hence, the concessional rates for coastal cargo / container proposed by the TPT in some of these schedules is modified in line with the directions issued by the Government. It is, however, possible for TPT to offer the concessions proposed by it, if it still wants to provide such benefit, in view of the powers delegated to ports to reduce the rates.

(xxxiii).(a). The existing Scale of Rates prescribes the unit of levy of the way leave charge for pipelines, overhead wires and underground cables on per square meter per annum basis.

The way leave charges for the conveyor system owned by Tuticorin Thermal Power Station (TTPS) for movement of coal is, however, prescribed on the tonnage of cargo handled at 0.65 paise per metric tonne. Based on the representation made by the Tamil Nadu Electricity Board (TNEB), the TPT was specially advised sometimes in September 2005 to propose the way leave charges in respect of conveyor system based on the area occupied instead of linking it to tonnage of cargo handled. Despite this advice and the objection raised by TNEB in this regard in this proceeding, the TPT has not proposed any modification in the unit of levy of this item even in the revised proposal. The TPT has, however, estimated the financial impact of changing the unit of levy from existing 0.65 paise per metric tonne to Rs.1.42 per square meter per annum as applicable for pipelines, overhead wires and underground cables at around Rs.36.6 lakhs per annum. Since this Authority has already decided that the tariff arrangement in this case should be revised to fall in line with the other categories, the way leave charge for conveyor system of TTPS is prescribed on per square meter per annum basis at par with way leave charges prescribed for pipelines, overhead wires and underground cables. The impact of the change in the unit of the charging is accounted in the financial model considered in our analysis.

(b). The existing Scale of Rates prescribes formulae for calculating way leave area for pipelines, overhead wires, underground cables etc. The TPT has proposed to continue with the existing formulae for calculation of the way leave area.

The area of pipeline /overhead wire for levy of way leave charges is computed based on the length multiplied by the diameter plus 30 cms. added for working space. For overhead wire and for underground cables, the existing formula prescribes an addition of 60 cms. and 105 cms. as working space. In this context, the TPT was advised to adopt the principles evolved by this Authority while approving the formula for calculation of area for levy of way leave charges at the Jawaharlal Nehru Port Trust (JNPT).

The TPT after examining the same has observed that the principles advocated by this Authority in the JNPT case with reference to multi layer pipeline and area shared by roads, railways are not relevant in its case. It has contended that the existing formula prescribed in its Scale of Rates for arriving at the area by multiplying length of the pipeline with the diameter of the pipeline with provision of 30 cms. / 60 cms. of working space is reasonable and hence need not be modified. The formula prescribed in the Scale of Rates of other major ports like the Cochin Port, the Mormugao Port etc., also stipulate addition of 30 cms. to the diameter of the pipeline for arriving at the area occupied by the pipeline. There is no uniformity in the formula prescribed in the Scale of Rates of various major ports for computing the area occupied by the pipelines and the government lease / license of port lands are also silent on this aspect. This Authority will examine the matter in consultation with the major ports and prescribe a uniform formula for common adoption by all the major ports. Till such time, the existing arrangement is allowed to continue.

For underground cable, the TPT has proposed to levy 50% of the applicable way leave charges. This is in line with the provision prescribed in the Scale of Rates of JNPT and would be beneficial to the users and hence is accepted.

(xxxiv). The Tamil Nadu Electricity Board (TNEB) has filed a Writ Petition in the Hon'ble High Court of Madras challenging the tariff Order passed by this Authority in September 2002. Reportedly, the Hon'ble High Court has ordered some interim relief to the TNEB. The case is still pending for disposal as reported by both the TPT and the TNEB.

It is relevant to mention here that there is no Order of the High Court restraining this Authority to take up the matter of revising the rates of the TPT at the end of the tariff validity period.

The revised Scale of Rates provides reduction in vessel related tariff in comparison to the earlier tariff fixed in September 2002. By way of abundant caution, TPT is advised to bring the Order of this Authority in this case to the notice of the Hon'ble High Court and seek its orders before implementing the revised tariff in respect of the TNEB**.**

(xxxv). The existing license fee for entry of private cargo handling equipment is higher than that prescribed for entry of other vehicles / equipment. The TPT has stated that the differential rate for private equipment inside the port area is to give weightage to the permission given inside the security area for commercial operations and hence is justified.

From the submissions made by the TPT, license fee on the private cargo handling equipment appears to be levied more in the nature of a fee levied for permitting its premises to be used for a business opportunity by others. The port should examine further whether it can strictly fall under the Scale of Rates. Till such time, the existing arrangement is allowed to continue.

The point made by the TPT that there is no relationship between the licence fee paid by the operator of the equipment and the rate being charged by them is not correct. The treatment of royalty will be governed by clause 2.8.1. of the tariff guidelines. If port has authorised the private operator to offer the services, which are listed under section 42 of the Major Port Trust Act, then, the ceiling rate has to be prescribed based on the proposal of the port and such rate shall bind all service providers.

In fact, even the TPT has filed a proposal of similar nature for fixation of hire charges for crane deployed by service provider M/s. PSTS which is under consideration by this Authority. The TPT is, therefore, advised to examine whether the any other services provided in the port including the services offered by private cargo handling equipment fall under the ambit of tariff regulation and initiate action in terms of clause 7 of revised tariff guidelines to regulate such tariff items.

(xxxvi).The TPT has filed a separate proposal for fixation of levy for workers deployed from Tuticorin Port Cargo Handling Labour Pool (TPTCHLP) for cargo handling operations. The point made by Sterlite Industries Limited in the general revision proposal about exorbitant labour levy applicable in its case is being addressed in the relevant case under consideration by this Authority.

(xxxvii).Some of the proposed provisions which are not in line with the common prescription at other major ports / private terminals and the revised tariff guidelines have been modified.

(xxxviii).In line with the direction issued by the Government under Section 111 of the Major Port Trusts Act, 1963 the rates approved by this Authority will be ceiling level and the rebates / discounts will be at the floor level. The TPT will have the flexibility to charge lower rate if it is so desires based on the commercial judgment of the port.

(xxxix).The revised tariff guidelines prescribe tariff validity cycle of the three years. As already mentioned earlier, the cost position considered in this analysis is for two years i.e. 2008-09 and 2009-10, hence the tariff prescribed will be for truncated validity period. The financial position considered for the purpose of this analysis is only till 31 March 2010, hence the validity of the revised Scale of Rates will also expire on 31 March 2010.

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

12.2. The revised Scale of Rates and conditionalities of the TPT will become effective after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force till 31 March 2010. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

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

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

(Brahm Dutt)
Chairman

ANNEX I (a)

Consolidated Cost Statement of Tuticorin Port Trust (Excluding Dredging)

Rs. in lakhs

SL. No.	Description	Actuals 2002-03	Actuals 2003-04	Actuals 2004-05	Actuals 2005-06	Actuals 2006-07	Estimates furnished by TPT excluding Railways 2007-08	Estimates furnished by TPT excluding Railways 2008-09	Estimates furnished by TPT excluding Railways 2009-10	Modified Estimates Excluding Railways 2007-08	Modified Estimates Excluding Railways 2008-09	Modified Estimates Excluding Railways 2009-10
I	**Traffic in Million Tones**	132.94	136.78	158.11	171.39	180.01	203.85	215.52	276.12	203.85	215.52	276.12
	Capacity in million tonnes	149.40	153.20	158.00	205.50	205.50	205.50	272.00	465.00	205.50	272.00	465.00
II	**Operating Income**											
	(I).Cargo Handing And Storage Income	5,641.28	6,136.32	7,043.43	8,474.36	9,688.87	10,277.12	11,483.85	14,620.78	11,225.79	13,088.24	17,185.88
	Less : 50% Royalty transferred to Escrow Account from 2005-06	-	-	-	824.72	1,362.35	1,401.95	1,838.75	2,319.97	1,876.28	2,640.95	3,602.52
	(ii). Port and Dock Services (Excluding dredging levy)	4,511.30	4,432.59	4,891.31	5,544.92	6,448.14	6,408.53	6,605.00	7,159.47	6,408.39	6,992.91	7,567.21
	(iii).Railways	265.27	189.19	180.40	190.10	276.08						
	(iv). Estate	1,053.04	812.22	612.93	547.86	566.83	606.51	636.83	668.68	606.51	636.83	668.68
	Total Operating Income	**11,470.89**	**11,570.32**	**12,728.07**	**13,932.53**	**15,617.57**	**15,890.21**	**16,886.93**	**20,128.97**	**16,364.40**	**18,077.04**	**21,819.25**
III	**Operating Expenditure**											
	(I).Cargo Handing And Storage activity	795.96	832.31	784.30	808.48	831.91	880.72	934.51	991.38	880.72	934.51	991.38
	(ii). Port and Dock activity(Excluding dredging levy)	1,798.31	2,130.69	2,046.64	1,863.52	2,195.43	2,522.79	2,668.65	2,822.68	2,391.86	2,527.80	2,792.77
	(iii).Railways	138.23	145.51	188.94	175.26	167.63						
	(iv). Estate	657.94	596.76	191.30	191.14	178.44	190.79	202.06	213.40	188.08	196.73	205.78
	Sub total	**3,390.44**	**3,705.27**	**3,211.18**	**3,038.40**	**3,373.41**	**3,594.30**	**3,805.22**	**4,027.46**	**3,460.65**	**3,659.04**	**3,989.93**
IV	**Depreciation**											
	(I).Cargo Handing And Storage activity	306.26	280.91	280.57	287.01	287.01	287.78	352.08	809.85	287.78	352.08	809.85
	(ii). Port and Dock activity(Excluding dredging levy)	223.56	244.79	275.90	314.35	570.75	574.18	589.79	1,471.96	574.18	589.79	1,033.49
	(iii).Railways	19.68	19.68	19.02	50.75	50.75						
	(iv). Estate	16.58	16.58	16.51	18.00	18.00	18.81	18.81	19.63	18.81	18.81	19.63
	Total Depreciation	**566.08**	**561.96**	**592.00**	**670.11**	**926.51**	**880.77**	**960.68**	**2,301.44**	**880.77**	**960.68**	**1,862.97**
V	Total operating Expenditure	**3,956.52**	**4,267.23**	**3,803.18**	**3,708.51**	**4,299.92**	**4,475.07**	**4,765.90**	**6,328.90**	**4,341.42**	**4,619.72**	**5,852.90**
VI	**Gross Operating Surplus (II-III-IV)**	**7,514.37**	**7,303.09**	**8,924.89**	**10,224.02**	**11,317.65**	**11,415.14**	**12,121.03**	**13,800.07**	**12,022.98**	**13,457.32**	**15,966.36**
VII	**Allocated Management & General Overheads**	**1,923.61**	**1,919.28**	**2,374.82**	**2,226.53**	**2,531.22**	**2,528.44**	**2,684.73**	**2,828.06**	**2,499.65**	**2,629.30**	**2,797.42**
VIII	**Impact of wage revision**									420.01	432.60	445.56
VIII	**Operating Surplus after MGT**	**5,590.76**	**5,383.81**	**6,550.07**	**7,997.49**	**8,786.43**	**8,886.70**	**9,436.30**	**10,972.00**	**9,103.33**	**10,395.42**	**12,723.38**
IX	(I)Finance and Miscellaneous Income	582.07	873.44	811.92	478.83	771.82	309.37	318.84	328.94	309.37	318.84	328.94
	(II)Finance and Miscellaneous Exp	2,342.58	1,990.63	2238.03	1802.65	1899.40	604.74	605.38	606.05	604.74	605.38	606.05
	FME-FMI	**1,760.51**	**1,117.19**	**1,426.11**	**1,323.82**	**1,127.58**	**295.37**	**286.54**	**277.11**	**295.37**	**286.54**	**277.11**
X	**Net Operating surplus / deficit (V-V I-VII)**	**3,830.25**	**4,266.62**	**5,123.96**	**6,673.67**	**7,658.85**	**8,591.33**	**9,149.76**	**10,694.89**	**8,807.96**	**10,108.88**	**12,446.27**
XI	Capital employed	19,411.71	19,140.07	18,489.70	21,106.86	22,941.59	28,223.99	35,893.45	104,072.57	25,980.14	33,425.24	47,171.27
	Business Assets				20,321.68	22,109.53	27,052.53	34,687.36	102,789.30	24,901.82	32,302.08	45,921.47
	Business Related Assets				785.18	832.06	1,171.46	1,206.09	1,283.27	1,078.32	1,123.16	1,249.79
XII	**ROCE @18.5% for 2002-03, 2003-04, 17.5% for 2004-05. ROCE for 2005-06 and 2006-07 @15% on business assets and 6.35% on business related assets. From 2007-08 onwards ROCE @ 16% on business assets and 7.4% on business related assets'**	3,591.17	3,540.91	3,235.70	3,098.11	3,378.00	4,402.79	5,626.56	16,527.78	4,064.09	5,251.45	7,439.92
	Business Assets				3,048.25	3,316.43	4,328.41	5,549.98	16,446.29	3,984.29	5,168.33	7,347.44
	Business Related Assets				49.86	61.57	74.39	76.59	81.49	79.80	83.11	92.48
	Capacity Utilisation	88.98%	89.28%	100.1%	83.4%	87.6%	100.0%	100.0%	98.97%	99.2%	79.2%	59.4%
	Total ROCE linked to capacity utilisation for the years 2002-03 to 2004-05	3,195.51	3,161.40	3,235.70	3,098.11	3,378.00	4,402.79	5,626.56	16,357.17	4,064.09	5,251.45	7,439.92
XIII	**Net Surplus after ROCE**	**634.74**	**1,105.22**	**1,888.27**	**3,575.55**	**4,280.85**	**4,188.54**	**3,523.19**	**(5,662.28)**	**4,743.87**	**4,857.44**	**5,006.35**

SL. No.	Description	Actuals 2002-03	Actuals 2003-04	Actuals 2004-05	Actuals 2005-06	Actuals 2006-07	Estimates furnished by TPT excluding Railways			Modified Estimates Excluding Railways		
							2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
XIV	**Net Surplus as percentage of operating income**	5.5%	9.6%	14.8%	25.7%	27.4%	26.4%	20.9%	-28.1%	29.0%	26.9%	22.9%
XV	Various Adjustment done by the TPT which is considered seperately in our analysis / modified estimates											
	(I). Less: Contribution towards Pension Fund to meet the short fall in Actualrial ValuationPension Levy (considered by us in our analysis)	-	-	-	-	-	1,660.00	1,660.00	1,660.00	-	-	-
	(ii) Add: Expenditure relating to electricity overhead from lessees other than PSA SICAL is excluded since separate levy is proposed to recover the overheads (excluded from Manamagement and general overhead in modified estimates)	-		-	-	-	28.79	29.66	30.64	-	-	-
	(iii). Deficit in Railway activity considered by TPT for the year 2007-08 (seperately treated in our analysis).	-	-	-	-	-	(40.99)	-	-	-	-	-
	(iv). Less: Impact revision in the salaries and wages by the Wage Revision Committee (considered as a separate item in the modified estimates under Sr. No VIII above)	-	-	-	-	-	697.71	718.64	740.20	-	-	-
	Less: Loss due to conversion in Way Leave Charge from existing per tonne basis to per sq. mtr basis (considered in our analysis)						8.86	36.62	36.62	-	-	-
XVI	Net Surplus after above adjustments	634.74	1,105.22	1,888.27	3,575.55	4,280.85	1,809.77	1,137.59	(8,068.46)	4,743.87	4,857.44	5,006.35
XVII	Surplus / Shortfall as a % on Total Income	5.5%	9.6%	14.8%	25.7%	27.4%	11.39%	6.74%	-40.08%	28.99%	26.87%	22.94%
XVIII	**Average Surplus / Shortfall as a % on Total Income**	18%						-16.67%			24.91%	

ANNEX I (b)

COST STATEMENT OF PORT AND DOCK ACTIVITY

Rs. in lakhs

SL. No.	Description	2007-08	2008-09	2009-10	Modified Estimates 2007-08	Modified Estimates 2008-09	Modified Estimates 2009-10
I	Operating Income	6,833.75	7,200.82	7,785.76	6833.75	7200.82	7785.76
	Less:Impact of Foreign Exchange Fluctuations	425.22	595.80	626.29	425.36	207.91	218.55
	Total Operating Income	**6,408.53**	**6,605.00**	**7,159.47**	**6,408.39**	**6,992.91**	**7,567.21**
II	**Operating Cost**						
	Operating Cost (excluding Depreciation)	2,522.79	2,668.65	2,822.68	2391.86	2527.80	2792.77
III	Depreciation (excluding dredging levy)	574.18	589.79	1,471.96	574.18	589.79	1033.49
	Total operating Expenditure	**3,096.97**	**3,258.44**	**4,294.64**	**2,966.04**	**3,117.59**	**3,826.26**
IV	**Gross Operating Surplus (I-II-III)**	**3,311.56**	**3,346.56**	**2,864.83**	**3,442.36**	**3,875.33**	**3,740.95**
V	Allocated Managenment and Genl. Administration	1,677.38	1,782.43	1,877.80	1658.28	1745.63	1857.45
V I	Impact of wage revision				288.12	296.69	305.49
VII	(I)Finance and Miscellaneous Income	119.33	118.83	110.99	119.33	118.83	110.99
	(II) Finance and Miscellaneous Exp	401.19	401.92	402.41	401.19	401.92	402.41
	FME - FMI	281.86	283.09	291.42	281.86	283.09	291.42
VIII	**Net Operating surplus / deficit (IV-V-V I-VII)**	1,352.32	1,281.04	695.61	1214.09	1549.91	1286.58
IX	Capital employed	20,044.22	21,753.15	82,692.84	18450.67	20257.30	26349.29
	Business Assets	19,212.27	21,022.20	81,673.19	17684.87	19576.61	25356.24
	Business Related Assets	831.95	730.95	1,019.65	765.81	680.69	993.05
X	ROCE						
	Business Assets @ 16%	3,126.79	3,409.97	13,132.46	2886.25	3182.63	4130.48
	Business Related Assets @ 6.35% / (7.4% in modified estimates)	3,073.96	3,363.55	13,067.71	2829.58	3132.26	4057.00
		52.83	46.42	64.75	56.67	50.37	73.49
	Capacity Utilisation	100.0%	100.0%	98.97%	99.2%	79.2%	59.4%
XI	Total ROCE linked to capacity utilisation	3,126.79	3,409.97	12,996.89	2886.25	3182.63	4130.48
XII	Net Surplus after ROCE	**(1,774.47)**	**(2,128.93)**	**(12,301.28)**	**(1,672.16)**	**(1,632.72)**	**(2,843.90)**
XIII	**Net Surplus as percentage of operating income**	**-27.7%**	**-32.2%**	**-171.8%**	**-26.1%**	**-23.3%**	**-37.6%**
XIV	Average Surplus as a % on Income		-102.03%			-30.47%	
XV	Various Adjustment done by the TPT which is considered seperately in our analysis / modified estimates						
	(I). Less: Contribution towards Pension Fund to meet the short fall in Actualrial ValuationPension Levy (considered by us in our analysis)	1,101.25	1102.09	1,102.22	-	-	-
	(ii) Add: Expenditure relating to electricity overhead from lessees other than PSA SICAL is excluded since separate levy is proposed to recover the overheads (excluded from Manamagement and general overhead in modified estimates)	19.10	19.69	20.34	-	-	-
	(iii). Deficit in Railway activity considered by TPT for the year 2007-08 (seperately treated in our analysis).	(27.19)	-	-	-	-	-
	(iv). Less: Impact revision in the salaries and wages by the Wage Revision Committee (considered as a separate item in the modified estimates under Sr. No VI above)	462.86	477.11	491.48	-	-	-
	Less: Loss due to conversion in Way Leave Charge from existing per tonne basis to per sq. mtr basis (considered in our analysis)	-	-	-	-	-	-
XVI	Net Surplus after above adjustments	**(3,346.67)**	**(3,688.43)**	**(13,874.64)**	**(1,672.16)**	**(1,632.72)**	**(2,843.90)**
XVII	Surplus / Shortfall as a % on Total Income	**-52.2%**	**-55.8%**	**-193.8%**	-26.09%	-23.35%	-37.58%
XVIII	**Average Surplus / Shortfall as a % on Total Income**		-124.82%			-30.47%	

ANNEX I (c)

COST STATEMENT OF CARGO HANDLING AND STORAGE ACTIVITY

Rs. in lakhs

SL. No.	Description	Estimates furnished by TPT 2007-08	2008-09	2009-10	Modified Estimates 2007-08	2008-09	2009-10
I	**Income**						
	Operating Income	10,277.12	11,483.85	14,620.78	11,225.79	13,088.24	17,185.88
	Less: 50% Royalty Income transferred to Escrow Account	1,401.95	1,838.75	2,319.97	1,876.28	2,640.95	3,602.52
	Total Operating Income	**8,875.17**	**9,645.10**	**12,300.82**	**9,349.50**	**10,447.30**	**13,583.36**
II	**Operating Cost**						
	Operating Cost (excluding Depreciation)	880.72	934.51	991.38	880.72	934.51	991.38
III	Depreciation as per existing system for Actuals and as per Companies Act from 2007-08 to 2009-10.	287.78	352.08	809.85	287.78	352.08	809.85
IV	Total operating Expenditure	**1,168.50**	**1,286.59**	**1,801.23**	**1,168.50**	**1,286.59**	**1,801.23**
V	**Gross Operating Surplus (I-II-III)**	**7,706.67**	**8,358.51**	**10,499.59**	**8,181.00**	**9,160.71**	**11,782.13**
VI	Allocated Managenment and Genl. Administration	719.47	762.79	803.33	711.28	747.04	794.63
VII	Impact of wage revision				109.77	113.14	116.64
VIII	(I)Finance and Miscellaneous Income	179.45	189.50	208.42	179.45	189.50	208.42
	(II) Less: Finance and Miscellaneous Exp	172.08	172.00	172.15	172.08	172.00	172.15
	FME - FMI	**(7.37)**	**(17.50)**	**(36.27)**	**(7.37)**	**(17.50)**	**(36.27)**
IX	**Net Operating surplus / deficit (V-V I-VII-VIII)**	6,994.57	7,613.22	9,732.52	7,367.33	8,318.03	10,907.13
X	Capital employed	7,761.88	13,693.43	20,930.13	7,144.80	12,751.80	20,384.10
	Business Assets	7,439.72	13,233.30	20,672.05	6,848.25	12,323.31	20,132.75
	Business Related Assets	322.16	460.13	258.08	296.55	428.49	251.35
XI	ROCE	1,210.81	2,146.55	3,323.92	1,117.66	2,003.44	3,239.84
	Business Assets @ 16%	1,190.36	2,117.33	3,307.53	1,095.72	1,971.73	3,221.24
	Business Related Assets @ 6.35% / (7.4% in modified estimates)	20.46	29.22	16.39	21.94	31.71	18.60
	Capacity utilisation	100.0%	100.0%	98.97%	99%	79%	59%
	ROCE linked to capacity utilisation	1,210.81	2,146.55	3,289.61	1,117.66	2,003.44	3,239.84
XII	**Net Surplus after ROCE**	**5,783.76**	**5,466.68**	**6,442.91**	**6,249.66**	**6,314.59**	**7,667.29**
XIII	**Net Surplus as percentage of operating income**	**65.2%**	**56.7%**	**52.4%**	**66.84%**	**60.44%**	**56.45%**
XIV	Average Surplus as a % on Income		**54.53%**			**58.44%**	
XV	Various Adjustment done by the TPT which is considered seperately in our analysis / modified estimates						
	(I). Less: Contribution towards Pension Fund to meet the short fall in Actualrial ValuationPension Levy (considered by us in our analysis)	472.36	471.64	471.53	-	-	-
	(ii) Add: Expenditure relating to electricity overhead from lessees other than PSA SICAL is excluded since separate levy is proposed to recover the overheads (excluded from Manamagement and general overhead in modified estimates)	8.19	8.42	8.70	-	-	-
	(iii). Deficit in Railway activity considered by TPT for the year 2007-08 (seperately treated in our analysis).	(11.66)	-	-	-	-	-
	(iv). Less: Impact revision in the salaries and wages by the Wage Revision Committee (considered as a separate item in the modified estimates under Sr. No VII above)	198.53	204.18	210.26	-	-	-
	Less: Loss due to conversion in Way Leave Charge from existing per tonne basis to per sq. mtr basis (considered in our analysis)	8.86	36.62	36.62	-	-	-
XVI	Net Surplus after above adjustments	**5,100.54**	**4,762.66**	**5,733.20**	**6,249.66**	**6,314.59**	**7,667.29**
XVII	Surplus / Shortfall as a % on Total Income	**57.5%**	**49.4%**	**46.6%**	**66.84%**	**60.44%**	**56.45%**
XVIII	**Average Surplus / Shortfall as a % on Total Income**		47.99%			58.44%	

ANNEX I (d)

COST STATEMENT OF ESTATE ACTIVITY

Rs. in lakhs

Sl. No.	Description	Estimates furnished by TPT 2007-08	2008-09	2009-10	Modified Estimates 2007-08	2008-09	2009-10
I	Operating Income	606.51	636.83	668.68	606.51	636.83	668.68
	Total Operating Income	**606.51**	**636.83**	**668.68**	**606.51**	**636.83**	**668.68**
II	Operating Cost	190.79	202.06	213.40	188.08	196.73	205.78
III	Depreciation	18.81	18.81	19.63	18.81	18.81	19.63
IV	Total operating Expenditure	**209.60**	**220.87**	**233.03**	**206.89**	**215.54**	**225.41**
V	**Gross Operating Surplus (I-II-III)**	**396.91**	**415.96**	**435.65**	**399.62**	**421.29**	**443.27**
V I	Allocated Managenment and Genl. Administration	131.59	139.52	146.93	130.09	136.64	145.34
V II	Impact of wage revision				22.11	22.77	23.42
VIII	(I)Finance and Miscellaneous Income	10.59	10.51	9.53	10.59	10.51	9.53
	(II)Finance and Miscellaneous Exp	31.47	31.46	31.49	31.47	31.46	31.49
	FME - FMI	20.88	20.95	21.96	20.88	20.95	21.96
IX	**Net Operating surplus / deficit (V-V I-VII)**	**244.44**	**255.49**	**266.76**	**226.54**	**240.94**	**252.56**
X	Capital employed	417.89	446.87	449.60	384.67	416.14	437.87
	Business Assets	400.55	431.85	444.06	368.71	402.15	432.48
	Business Related Assets	17.34	15.02	5.54	15.96	13.99	5.40
XI	ROCE 16% on business assets and 7.4% on business related assets'	65.19	70.05	71.40	60.17	65.38	69.60
	Business Assets @ 16%	64.09	69.10	71.05	58.99	64.34	69.20
	Business Related Assets @ 6.35% / (7.4% in modified estimates)	1.10	0.95	0.35	1.18	1.04	0.40
	Capacity Utilisation	100.0%	100.0%	98.97%	99.2%	79.2%	59.4%
	Total ROCE linked to capacity utilisation	65.19	70.05	70.66	60.17	65.38	69.60
XII	Net Surplus after ROCE	**179.25**	**185.44**	**196.10**	**166.36**	**175.56**	**182.96**
XIII	**Net Surplus as percentage of operating income**	**29.6%**	**29.1%**	**29.3%**	**27.43%**	**27.57%**	**27.36%**
XIV	Average Surplus as a % on Income		29.22%			27.46%	
XV	Various Adjustment done by the TPT which is considered seperately in our analysis / modified estimates						
	(I). Less: Contribution towards Pension Fund to meet the short fall in Actualrial ValuationPension Levy (considered by us in our analysis)	86.41	86.26	86.25	-	-	-
	(ii) Add: Expenditure relating to electricity overhead from lessees other than PSA SICAL is excluded since separate levy is proposed to recover the overheads (excluded from Manamagement and general overhead in modified estimates)	1.50	1.54	1.59	-	-	-
	(iii). Deficit in Railway activity considered by TPT for the year 2007-08 (seperately treated in our analysis).	(2.13)	-	-	-	-	-
	(iv). Less: Impact revision in the salaries and wages by the Wage Revision Committee (considered as a separate item in the modified estimates under Sr. No VII above)	36.31	37.35	38.46	-	-	-
	Less: Loss due to conversion in Way Leave Charge from existing per tonne basis to per sq. mtr basis (considered in our analysis)	-	-	-	-	-	-
XVI	Net Surplus after above adjustments	**55.90**	**63.38**	**72.98**	**166.36**	**175.56**	**182.96**
XVII	Surplus / Shortfall as a % on Total Income	**9.2%**	**10.0%**	**10.9%**	**27.43%**	**27.57%**	**27.36%**
XVIII	**Average Surplus / Shortfall as a % on Total Income**		10.43%			27.46%	

ANNEX-II

Tuticorin Port Trust
Scale of Rates

CHAPTER – I

1.1. Definitions - General

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2. General Terms & Conditions

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

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

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

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

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

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

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

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

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

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

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

(vi). Interest on delayed payments / refunds:

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

(b). The rate of penal interest will be 14.75%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER – II
VESSEL RELATED CHARGES

2.1. SCHEDULE OF PORT DUES:

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

Notes:

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

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

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

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

(ii). any pleasure yachts; or

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

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

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

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

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

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

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

2.2.1. SCHEDULE OF PILOTAGE FEES

The rate specified below is for Zone A

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

Notes:

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

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

2.2.2. MISCELLANEOUS PILOTAGE FEES

Sl No.	Particulars	Rates	
		Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
1.	Fishing Trawlers (Minimum charges per trawler)	2375.05	91.0813
2.	Mooring a vessel outside the harbour when it does not enter or leave it.	25% of the rate prescribed in schedule 2.2.1 subject to a minimum of Rs.5427.60	25% of the rate prescribed in schedule 2.2.1 subject to a minimum of US$ 208.145
3.	Shifting and re-mooring or for turning a vessel around in her berth for special services viz., bunkering, supply of fresh water, repair, etc.,	20% of the rate prescribed in schedule 2.2.1 subject to a minimum of Rs.4042.35	20% of the rate prescribed in schedule 2.2.1 subject to a minimum of US$ 155.021
4.	Pilots whose services have been requisitioned but not utilised after the pilot has boarded a vessel.	1442.55	55.3214
5.	Detention Charges beyond 30 minutes after the pilot boards the vessel and is kept waiting on board the vessel.		
	(i). For first hour or part of an hour	1442.55	55.3214
	(ii). For every subsequent hour or part thereof	492.25	18.8775
6.	Compensation fees for on carriage of Pilot.	169.85	6.5132

Notes:

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

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

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

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

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

2.2.3. Shifting Charges

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

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

(II) Shifting between berths from South Break Water to North Break Water or vice-versa, shifting of vessels from berth Nos. III & IV, V, VI to VIII & IX and from berth nos. III & IV to V and VI

Sl. No.	Size of vessel	Rate per GRT	
		Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
1.	Upto 10,000 GRT.	3.95	0.1516
2.	10,001 - 15,000 GRT.	4.09	0.1568
3.	15,001 - 20,000 GRT.	4.24	0.1625
4.	20,001 – 25,000 GRT.	4.38	0.1682
5.	25,001 – 30,000 GRT.	4.53	0.1739
6.	Above 30,001	4.68	0.1796

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

(1). Pilotage fee shall be levied at double the rates for piloting a vessel on "cold move" partly or fully, in any operation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9). (i). Berth no.VIII will be generally earmarked only for cargoes other than dust-generating cargo like Copper Concentrate, Rock Phosphate, Industrial Coal, Sulphur, Fertilizers, Coke, etc.

(ii). Berth nos. I, II, V and VI will not be normally utilised for handling such dust-generating cargo.

(iii). However, in times of congestion MOP/SOP and Rock Phosphate will be allowed to be handled to berth no.VIII subject to the following conditions:

(a). The vessels seeking berthing in berth nos. III/IV from where the working vessel will be shifted to berth VIII will pay shifting charges calculated at 33% of the pilotage charges as per the SOR. Additionally, they will also pay cleaning charges at the rate of Re.1/- per metric tonne of cargo discharged at berth no. VIII.

(b). If the vessel next in queue at the anchorage carries MOP/SOP/Rock Phosphate and berth nos. III and IV are already occupied, the vessel can be directly berthed at berth no.VIII, on payment of deemed shifting charges at 33% of the pilotage in addition to pilotage generally payable by the vessel. Additionally, cleaning charges at Re.1/- per tonne of cargo discharged at berth no.VIII shall also be paid by the vessel.

(iv). (a). In the event of berth no.VIII is also being occupied, working vessels discharging MOP/SOP/Rock Phosphate at berth nos.III and IV, after lightening, can be shifted to berth nos.V and VI for direct loading to accommodate the incoming deep draft vessels in berth nos. III and IV provided shifting charges and cleaning charges as mentioned above are paid by the incoming vessel.

(b). If the vessel next in queue at the anchorage carries MOP/SOP/Rock Phosphate and berth nos.III and IV are already occupied, the vessel can be directly berthed at berth nos.V/VI on payment of deemed shifting charges at 33% of the pilotage in addition to pilotage generally payable by the vessel.

Additionally, cleaning charges at Re.1/- per tonne discharged at Berth V/VI shall also be paid by the vessel.

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

2.3. SCHEDULE OF TUG HIRE FEES

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

Notes:

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

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

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

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

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

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

2.4. BERTH HIRE FEES

2.4.1. SCHEDULE OF BERTH HIRE CHARGES

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

2.4.2. SCHEDULE OF BERTH HIRE CHARGES FOR OTHER VESSELS

Sl. No.	PARTICULARS.	Unit	Rate per hour or part thereof	
			Coastal vessel (in Rs.)	Foreign-going vessels (in US $)
1.	Non-commercial vessels like tugs and barges	Per Vessel per hour or part thereof	15.10	Rs.25.18
2.	Craft registered under the Harbour Craft Rules of Tuticorin Port Trust.	-do-	0.70	Rs.1.19
3.	Other Crafts	-do-	1.00	Rs.1.66
4.	Additional Berth Hire Charges after expiry of time given by the Deputy Port Conservator, to vacate the berth. (notice given atleast 12 hours in advance)			
	(i). For the first 12 hours	Per hour or part thereof	1187.10	45.524
	(ii). For the next 12 hours	-do-	2375.30	91.092

	(iii). Thereafter	-do-	3562.40	136.616
5.	(i). Charges for the Lash vessels during the process of operations of loading or unloading of cargo.	Per hour or part thereof	15.05	0.5774
	(ii) For barges waiting at safe fleeting area	-do-	5.00	0.1915
6.	Berthing fees on sailing vessels and sea-going steam vessels coming alongside the wharves at Zone 'B' of the Tuticorin Port.			
	(i). Sailing vessels other than lighters.	Per GRT per trip.	0.85	0.0323
	(ii). Sea going steam vessels.	Per vessel / per hour or part thereof	10.65	0.4073
7.	Fishing Vessels (Trawlers / Boats)			
	(i) at finger jetty.	Per vessel / per hour or part thereof	12.40	0.4760
	(ii) at VOC wharf and additional berth.	- do -	19.50	0.7465
8.	Double banking	In respect of a vessel which is double banked with another vessel occupying a berth it will be charged half of the Berth hire charges specified at schedule 2.4.1 and 2.4.2		

Note on Sl.No. 7:
Any vessel which continues to occupy any berth after the expiry of the time given by the Deputy Conservator/Traffic Manager to vacate the berth (notice of which had been given at least (12 hours in advance) shall pay additional berth hire charges at the following rates: -
(i). For the first two days – At four times the rate of berth hire charges for authorised occupation.
(ii). For third day and for subsequent days - At six times the rate of berth hire charges for authorised occupation.
(iii). The additional berth hire charges shall be in addition to normal berth hire charges payable under the schedule.

Notes:

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

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

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

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

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

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

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

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

(7). Charges on lash vessels/ barges.

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

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

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

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

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

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

2.5. SPECIAL RATE FOR CAPITAL DREDGING

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

2.6. CHARGES FOR SUPPLY OF WATER TO SHIPPING

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

Notes:

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

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

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

2.7. <u>ANCHORAGE FEES</u>

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

2.7.1. Schedule of Anchorage charges

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

2.7.2. Schedule of Anchorage charges for other vessels

Sl. No.	Particulars	Unit	Rate per hour or part thereof			
			For stay of vessel in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking		For stay of vessel in any area outside the harbour basin and within the notified Port Limits of Tuticorin Port Trust.	
			Coastal vessels (in Rs.)	Foreign - going vessels (in US$)	Coastal vessels (in Rs.)	Foreign - going vessels (in US$)
1.	Non-Commercial vessels like tugs and barges	Per Vessel per hour or part thereof	3.78	Rs. 6.30	1.50	Rs. 2.50
2.	Craft registered under the Harbour Craft Rules of Tuticorin Port Trust	-do-	0.18	Re. 0.30	0.07	Re. 0.12

3.	Other Crafts	-do-	0.25	Re. 0.4	0.10	Re. 0.17
4.	(i). Charges for the Lash vessels during the process of operations of loading or unloading of cargo.	Per hour or part thereof	3.75	0.1443	1.50	0.0577
	(ii). For barges waiting at safe fleeting area	-do-	1.25	0.0479	0.50	0.0192
5.	Berthing fees on sailing vessels and sea-going steam vessels coming alongside the wharves at Zone ‘B’ of the Tuticorin Port.					
	(i). Sailing vessels other than lighters.	Per GRT per trip.	0.20	0.0080	0.08	0.0032
	(ii). Sea going steam vessels.	Per vessel / per hour or part thereof	2.65	0.1018	1.05	0.0407
6.	Fishing Vessels (Trawlers / Boats)					
	(i). at finger jetty.	Per vessel / per hour or part thereof	3.10	0.1190	1.25	0.0476
	(ii). at VOC wharf and additional berth.	-do-	4.85	0.1866	1.95	0.0746
7.	Double banking	In respect of a vessel which is double banked with another vessel occupying a berth, it will be charged half of the anchorage charge specified in the above schedule				

Note:

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

(i) For vessels from /to Maldives for loading/discharging of cargo, anchorage fees will apply for stay of vessels for more than 24 hours.

(ii) For vessels coming from/ or sailing to Colombo for loading/discharging of cargo, anchorage fees will apply for stay of vessels for more than 24 hours except Container Vessels for which anchorage fees will apply for stay of vessels more than 12 hours.

(iii). For other Vessels

(a). Vessels which use anchorage for not more than 24 hours from the time of arrival of the vessel and if it is more than 24 hours, it is due to non-availability of berths/jetties.

(b). Vessels which after having loaded/unloaded cargoes in any of the berths/jetties in the Port, stay in Port Waters for not more than 24 hours after pilot disembarked from the vessel on completion of the pilotage act.

(c). Vessels which handle cargoes in the Port through transhipment or through barges in mid stream and which sail out of the Port limits within 24 hours of completion of the said handling.

CHAPTER – III

CARGO RELATED CHARGES

3.1. SCHEDULE OF WHARFAGE DUES

Sl. No.	PARTICULARS	Unit of Charge	RATES (In Rupees)***			
			Zone A		Zone B	
			Foreign	Coastal	Foreign	Coastal
1.	ANIMALS AND ANIMAL PRODUCTS	Each	57.00	34.20	28.00	16.80
2.	**CASHEW, FRUITS, NUTS, TAMARIND SEED**					
	(a) Cashew nuts.	1 M.T.	30.00	18.00	24.00	14.40
	(b) Cashew Kernels.	1 M.T.	41.00	24.60	34.00	20.40
	(c) Tamarind seed.	1 M.T.	28.00	16.80	14.00	8.40
3.	**COAL & COKE**					
	(a) Charcoal in bags/bulk.	1 M.T.	28.00	16.80	12.00	7.20
	(b) Industrial Coal	1 M.T.	27.00	16.20	16.20	9.70
	(c) Coal other than Industrial Coal and coke in bulk	1 M.T	30.00	18.00	18.00	10.80
	(d) Coal and Coke handled through Coal Jetty (other than thermal coal).	1 M.T.	38.00	22.80	--	--
	(e) Thermal Coal	1 M.T.	38.00	38.00	--	--
4.	**COIR/YARN MATS**	1 M.T.	42.00	25.20	21.00	12.60
5.	**CONSTRUCTION MATERIALS**					
	(a) River sand, stone dust, bricks, tiles etc.,	1 M.T.	18.00	10.80	12.00	7.20
	(b) Granite and Coral Stones.	1 M.T.	50.00	30.00	27.00	16.20
	(c) Cement.	1 M.T.	35.00	21.00	18.00	10.80
	(d) Clinker.	1 M.T.	28.00	16.80	14.00	8.40
6.	**CONTAINERS**					
	(a) Containers of 20 feet (Empty)	Each.	85.00	51.00	--	--
	(b) Cargo in Full Container Load 20 feet.	Each.	425.00	255.00	--	--
	(c) Containers above 20 feet (Empty)	Each.	128.00	76.80	--	--
	(d)Cargo in Full Container Load above 20 feet.	Each.	638.00	382.80	--	--
7.	**COTTON-RAW**	1 Cum.	35.00	21.00	18.00	10.80
8.	**FERTILIZERS**					
	(a) Sulphur and Rock Phosphate	1 M.T.	33.00	19.80	15.00	9.00
	(b) MOP, Urea, DAP, SOP and other finished fertilizers.	1 M.T.	41.00	24.60	19.00	11.40
9.	**FOOD GRAINS and FOOD PRODUCTS**					
	(a) Rice, Wheat and other foodgrains (raw broken or otherwise)	1 M.T.	42.00	25.20	19.00	11.40
	(b) Salt in bags/bulk.	1 M.T.	5.00	3.00	4.00	2.40
	(c) Sugar, candy or cube bags/bulk.	1 M.T.	42.00	25.20	32.00	19.20
	(d) Cattle Feed/Animal Feed.	1 M.T.	12.00	7.20	6.00	3.60
	(e) Maize.	1 M.T.	20.00	12.00	12.00	7.20

Sl. No.	PARTICULARS	Unit of Charge	RATES (In Rupees)***			
			Zone A		Zone B	
			Foreign	Coastal	Foreign	Coastal
	(f) Copra cake.	1 M.T.	28.00	16.80	12.00	7.20
10.	**IRON and STEEL MATERIAL**	1 M.T.	35.00	21.00	18.00	10.80
11.	**LIQUID CARGO**					
	(a) Phosphoric acid, Vinyl Chloride and Liquid Ammonia in bulk.	1 M.T.	85.00	51.00	--	--
	(b) Ethylene-di-Chloride.	1 M.T.	51.00	30.60	--	--
	(c) Sulphuric Acid	1 M.T.	50.00	30.00	--	--
	(d) Molasses.	1 M.T.	41.00	24.60	--	--
	(e) Caustic soda lye.	1 K.L.	39.00	23.40	--	--
	(f) Liquefied Petroleum Gas.	1 Cum.	118.00	70.80	--	--
	(g) Other Liquid Cargo not specified.	1 Cum.	90.00	54.00	--	--
12.	MILITARY GOODS.	1 M.T.	57.00	34.20	--	--
13.	**OIL**					
	(a) Oil Naphtha.	1 K.L.	70.00	70.00	--	--
	(b) Oil Furnace.	1 K.L.	65.00	65.00	--	--
	(c) Super Kerosene, Diesel, Petrol.	1 K.L.	46.00	46.00	--	--
	(d) Oils – Animals or vegetables.	1 Cum.	46.00	27.60	12.00	7.20
	(e)Oils – Minerals other than specified	1 K.L.	46.00	27.60	12.00	7.20
14.	**ORES**					
	(a) Ores and Minerals.					
	(i) For iron ore and iron pellets	1 M.T.	19.00	19.00	12.00	12.00
	(ii) Others	1 M.T.	19.00	11.40	12.00	7.20
	(b) Bauxite in bulk or bags.	1 M.T.	28.00	16.80	12.00	7.20
	(c) Gypsum.	1 M.T.	7.00	4.20	4.00	2.40
	(d) Feldspar, Ilmnite Sand/routile, Garnet	1 M.T.	19.00	11.40	12.00	7.20
	(e) Copper Concentrate.	1 M.T.	55.00	33.00	--	--
	(f) Copper Anode	1 M.T.	55.00	33.00	--	--
	(g) Copper Slag.	1 M.T.	30.00	18.00	--	--
15.	TIMBER AND ALLIED PRODUCTS	1 Cum.	31.00	18.60	18.00	10.80
16.	Goods not otherwise specified - Imported / Exported in Bulk.	1 M.T.	42.00	25.20	12.00	7.20
17.	Wharf Dues in respect of Foodgrains manifested for Indian Ports and transhipped into a smaller vessel from tanker or bulk carrier at the Port.	1 M.T.	1.50	0.90	--	--
18.	Aluminum Products, Alcoholic Products, Fish, Fish Products, Dry fish and Meat Products, C.P. Goods, Cotton yarn and Products, Cycle parts and carpets, Tinned Food.	Advalorem	0.20%	0.12%	0.10%	0.06%
19.	Chilies, Country Drugs, Senna Leaves, Palmyrah fiber, Personal effects, Vegetables and Provisions, Vehicles of Various Types and Accessories.	Advalorem	0.50%	0.30%	0.25%	0.15%

Sl. No.	PARTICULARS	Unit of Charge	RATES (In Rupees)***			
			Zone A		Zone B	
			Foreign	Coastal	Foreign	Coastal
20.	Pepper, Cardamom.	Advalorem	0.02%	0.01%	0.01%	0.006%
21.	Tea.	Advalorem	0.15%	0.09%	0.08%	0.05%
22.	Coffee.	Advalorem	0.10%	0.06%	0.05%	0.03%
23.	Ginger, Machinery parts, Goods not otherwise specified – Imported / Exported in the schedule.	Advalorem	0.30%	0.18%	0.15%	0.09%

Notes:

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

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

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

(4). **Transhipment**:

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

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

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

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

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

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

Item No.	Classification for purpose of wharfage	Dues payable
(i).	Cargo of other ports landed from vessels in distress	Wharfage rate as prescribed in Schedule 3.1. shall be levied.
(ii).	Cargo that has paid exports wharfage at Tuticorin	No wharfage shall be levied at

	but has not been carried to destination.	the time of landing or at the time of reshipment or if removed out of the TPT premises.
(iii).	Cargo of other ports reshipped without having left the TPT premises.	No wharfage shall be levied at the time of shipment.

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

(8). In the case of hazardous cargo, (i.e.) cargo identified as such in International Maritime Dangerous Goods Code (IMDG), classified as "Goods not otherwise specified", 100 percent of the Wharfage shall be recovered over and above the normal dues. The above rule shall also be applicable to the FCL and LCL containers carrying hazardous cargo.

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

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

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

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

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

(v). Postal mail bags.

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

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

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

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

3.2. SCHEDULE OF DEMURRAGE CHARGES

3.2.1. FREE PERIOD

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

Notes:

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

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

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

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

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

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

(4). **Transhipment cargo**

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

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

3.2.2. SCHEDULE OF DEMURRAGE CHARGES

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

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

Notes:

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

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

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

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

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

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

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

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

(8). Delivery of Goods

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

(9). Congestion of Goods:

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

(10). Goods detained by Customs:

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

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

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

The first 45 days shall be reckoned with as follows:

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

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

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

Note:

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

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

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

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

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

3.3. Licence (Storage) Fee

Sl. No.	PARTICULARS	Unit	Rates for Zone A (in Rs.)
1.	**COVERED SPACE**		
	(i). For the first two weeks.	Per 10 sq. mtr./week or part thereof	155.00
	(ii). For the third and fourth week.	-do-	310.00
	(iii). For the fifth and sixth week.	-do-	465.00
	(iv). Thereafter for every subsequent week.	-do-	542.50
2.	**OPEN SPACE**		
	(i). Outside the security wall of the Port. Per month or part thereof Per week or part thereof	Per sq. mtr.	6.40 1.60
	(ii). Within the Security wall of the Port. Per month or part thereof Per week or part thereof	-do-	8.00 2.00
	(iii). M.P.Shed and verandas of warehouses.	Per sq. mtr. per month or part thereof	45.00
	(iv). Storage of containers outside the security wall (Storage area to be hired shall not be less than 2000 square metre)	-do-	4.50
For Zone 'B' 50% of the rates prescribed above shall apply.			

Notes:

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

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

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

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

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

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

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

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

CHAPTER – IV
CONTAINER RELATED CHARGES

4.1. CHARGES FOR SPECIAL SERVICES TO REEFER CONTAINERS

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

4.2. CHARGES FOR HANDLING CONTAINERS USING MECHANICAL APPLIANCES

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

Notes:

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

4.4. DEMURRAGE CHARGES FOR CONTAINERISED CARGO

4.4.1. Containerised Import Cargo

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

4.4.2 Containerised Export Cargo

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

Notes:

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

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

(i). Containerised Import cargo:

For purpose of demurrage, the free days for such import cargo released with from the container shall count from the date following the date of release of the import cargo from containers.

(ii). Containerised Export cargo:

For purpose of demurrage, the free days for such export cargo shall be reckoned from the date on which cargo is admitted in the transit area and demurrage leviable, if any, shall be computed from the day following the completion of free days till such cargo has been stuffed into containers.

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

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

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

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

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

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

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

General Notes for schedule 4.1. to 4.4.

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

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

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

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

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

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

CHAPTER – V
MISCELLANEOUS CHARGES

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

Sl. No.	PARTICULARS.	Unit.	Rate (in Rs.)
1.	Weighment Charges for Zone A and B.	Per tonne	2.95 (subject to a minimum of Rs. 35.00)

Note:

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

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

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

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

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

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

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

Notes:

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

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

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

Sl. No.	PARTICULARS.	Unit.	Foreign/Others Rates per craft/ equipment / appliance (in Rs.)	***Coastal/ Rates per craft/ equipment / appliance (in Rs.)
1.	Mobile Cranes of 10 T at 45'	Per hour or part thereof.	1,062.00	637.20
2.	Mobile Cranes of 75 T at 10', 15T at 40.'	-do-	1,221.00	732.60
3.	Marshall demag Crane.	-do-	572.00	343.20
4.	Fork Lift Truck(3 T).	-do-	189.00	113.40
5.	Floating Crane.	-do-	1,528.00	916.80
6.	Front End Loader 3 tons/7 tons.	-do-	614.00	368.40
7.	Wharf Crane			
	(a) Wharf Grab Cranes(20 Tonne)	-do-	3308.00	1984.80
	(b) Wharf Crane(10 tonnes and below)	-do-	295.00	177.00
8.	Road Roller.	-do-	153.00	--
9.	Fire fighting equipment.			
	(i). For salvage and other purposes.	Per hour or part thereof.	808.00	--
10.	For stand by duties			
	(a). Between 1800 hrs and 2200 hrs.	Entire period or part thereof	354.00	--
	(b). Beyond 2200 hrs to 0600 hrs.	Entire shift or part thereof.	708.00	--
11.	Penalty for improper use of appliance.	Every occasion	201.00	

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

Notes:

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

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

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

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

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

5.04. WAY LEAVE CHARGES:

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

Notes:

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

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

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

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

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

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

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

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

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

Sl.No.	Particulars	Unit	Rates (in Rs.)
1.	Rooms in the I floor of Transit sheds at I&II berths of VOC Wharves.	Per room per calendar month or part thereof	460.00
2.	Rooms at the Coal Jetty I and II:		
	(i). Rooms of area 8.23 sq.mtr.	-do-	460.00
	(ii). Rooms of area 11.20 sq. mtr.	-do-	627.00
3.	Room available at additional berths:		

	(i).Each Measuring 30 sq. mtr. in Southern Side Building	Per room per calendar month or part thereof	979
	(ii).Each measuring 41 sq. mtr. in the ground floor at the Northern Buildings.	-do-	1,305.00

Notes:

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

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

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

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

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

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

Notes:

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

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

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

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

Notes:

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

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

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

Notes:

Advance Hire Charges

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

5.11. LICENCE FEES

Sl. No.	PARTICULARS.	Unit.	Rates (in Rs.)
1.	Cooper Licence		
	(i) For basket carriers	Each calendar year or part thereof for each	35.00
	(ii) For basket and casks	-do-	35.00
	(iii) For issue of duplicate licence when the original is defaced as to be illegible or is lost.	Each occasion	18.00
2.	Penalty for non-renewal of Licence.	Each	18.00

Notes:

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

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

5.12. CHARGES FOR ISSUE OF PHOTO PERMITS

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

Notes:

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

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

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

5.13. CHARGES FOR THE ISSUE OF TEMPORARY PASSES.

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

Notes:

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

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

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

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

Sl. No.	PARTICULARS.	Unit.	Rates (in Rs.)
1.	Shooting of film by film making company or private parties.	Per calendar day or part thereof	4,248.00
2.	For still photographs of export/import cargoes.	- do -	466.00
3.	Taking videography related to operational activities.	- do -	2,124.00
4.	Taking photography related to operational activities.	- do -	236.00
5.	Taking photographs of the parties or of the crew on board, the ships and in case not covered in case (1) to (4) above.	Each time each party	47.00

Notes:

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

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

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

5.15.1. FEES FOR SALVAGE OF GOODS

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

5.15.2. FEES FOR SERVICES OF DIVERS

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

General notes relating to schedule 5.15.1. and 5.15.2.

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

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

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

5.16. LICENCE FEE FOR ENTRY OF VEHICLES / EQUIPMENT:

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

Notes:

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

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

(i). Vehicles belonging to

(a). Tuticorin Port Trust and other Major port trusts and

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

(ii). Regular route buses and school buses.

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

(3). Conditions for issue of licences:

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

Sl. No.	PARTICULARS.	Unit.	Rates (in Rs.)
1.	Issue of duplicate copy of bills and receipts etc.,	Each.	50.00

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

Sl. No.	PARTICULARS.	Unit.	Rates (in Rs.)
1.	Charges for hire of wooden logs to sailing vessels.	Per day	70.00

CHAPTER – VI

TUTICORIN PORT TRUST CARGO HANDLING LABOUR POOL LEVY

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

Sl. No.	Description	Rate (in Rs. per metric tonne)
1.	All cargoes other than Coal and Salt	23.00
2.	Salt	18.00
3.	Coal at Jetty II	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	10.00
6.	For Zone ‘B’	10.00

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.

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

F. No.TAMP/15/2006-TPT - **Proposal from the Tuticorin Port Trust for General Revision of its Scale of Rates.**

1. The summary of comments received from the user / user organisations and the comments of the TPT thereon is tabulated below:

Sl. No.	Comments of users / user organisations	Comments of TPT
1.	**Tuticorin Custom House Agents Association (TCHAA)**	
(i).	Performance of the port	
	(a). The TPT has amassed huge profits. This was possible only because of various innovative, considerate and effective measures taken by Chairman, Tuticorin Port Trust. It has extended highest appreciation to him for bringing this commendable change.	Factual.
	(b).The financial performance of TPT for the years 2003-04 to 2005-06 shows that net surplus per tonne is increased by 7% in 2004-05 and 21% in 2005-06 over the respective previous years.	No comments furnished.
	(c). The generation of income by virtue of its remarkable and astounding performance needs to be recorded. The percentage of generation of income by the TPT was 11.17% as against 9.53% of Chennai Port Trust	No comments furnished.
	(d). In view of the above, TAMP may consider for reduction in the existing rates with a view to safeguard the interest of the trade engaged at Tuticorin.	No comments furnished.
(ii).	<u>Overall increase in tariff</u>: Since the profit of Tuticorin Port Trust was going in an ascending fashion it is high time the tariff is reduced with a view to attract more traffic to the port. Without doubt even at reduced tariff, profitability of the port will be maintained; and perhaps with an appreciable increase, in view of the increase in the volume of cargo. TAMP is requested to kindly go through the financials of the TPT and take a pragmatic decision to reduce the tariff instead of permitting increase as proposed by the port.	In each tariff revision proposal, the calculations are made by considering return on capital at the rates prescribed by the TAMP and hence it is not earning excess profit.
(iii).	<u>Dredging Levy</u>: TPT was imposing dredging levy for repaying the loan obtained by TPT. Due to able administration of TPT, the loan was repaid prematurely. It is requested that TAMP should arrange for passing the benefit to the trade by having a marginal difference in berth hire only. It is submitted that in the event, TPT ventures for dredging at a later date, it should not go for the concept of dredging levy again.	Regarding the dredging levy, it has liquidated the loan taken from Japan Bank for International Cooperation (JBIC) by repaying Rs.47.58 crores from its own resources and balance Rupees 182.07 crores by obtaining Indian rupee loan repayable in 7 years in quarterly instalments of Rs.6.50 crores at interest rate of 6.5%. The above said repayment is being met from the Port's own resources. As regards the request for no dredging levy at a later date, the issue will be decided based on its financial position at the time of future dredging project.
(iv).	<u>Port Dues:</u> As per the existing Scale of Rates, port dues are collected under two classifications, viz., ships/steamers and sailing vessels. However, it is proposed to collect on the basis of berth occupied by the vessels. Therefore as per draft proposed SOR, even a smaller GRT vessel may have to incur an additional 24% of port dues roughly. For the vessels intended for Maldives, will always be of smaller GRT and in the advent of new	The comparison made by the Association regarding the port dues for sailing vessels / steamers is not based on facts. The proposed revised classification already takes care of vessels requiring deep draught berths and non-deep draught berths and the proposed tariff is after giving due weightage for the same. Moreover, it may also be noted that charges on

<table>
<tr><td></td><td>proposed SOR, such vessels may have to pay port dues heavily. The chances for those vessels to opt for some other competitive ports cannot be over ruled. Therefore, if not reduction, the existing pattern should be maintained without any increase in rates.</td><td>sailing vessels are not disturbed due to merger of dredging levy.</td></tr>
<tr><td>(v).</td><td><u>Pilotage Fees:</u></td><td></td></tr>
<tr><td></td><td>(a) No vessel with a capacity of more than 35000 GRT had its operation in the TPT in the recent past nor any vessel with capacity of more than 60000 GRT is likely to come at the port in the near future. Vessels hitherto handled by the port are lesser than 30000 GRT. Therefore, it is prudent and more practical to categorise the vessels for the purpose of collecting pilotage fee as below:
<table>
<tr><td>I.</td><td>Vessels upto 10000 GRT.</td></tr>
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(b). It does not agree to the proposed levy of pilotage fee based on the berth occupancy by the vessel as pilotage is payable only on the basis of GRT of vessel.</td><td>(a).The classification of vessels into three slabs is in conformity to the TAMP guidelines. The current vessel size of less than 35000 GRT is not a reason for determining the said groups. It is pertinent to point out that the requirement of the Association to have lower rates for smaller vessels is taken care of by prescribing different rates for different categories of berths like Coal and Oil Jetty, other deeper draft berths and non-deeper draft berths.

(b). The proposed rates for different categories of berths gives weightage to the GRT of the vessels handled in the berths and hence it is to the advantage of the trade that smaller vessels are not penalised. Hence, proposed rates for different berths is in order. Continuing the present pattern is not possible in view of the revised guidelines of TAMP.</td></tr>
<tr><td>(vi).</td><td><u>Berth hire charges:</u>
The berth hire charges are proposed on the basis of the berth occupied of the vessels. The existing SOR provides for collection of berth hire charges on the basis of GRT of the vessels which should be continued. The existing rates should not be increased if not reduced.</td><td>For the reasons explained above, the proposed berth hire for different categories of berths is reasonable and cannot be modified.</td></tr>
<tr><td>(vii).</td><td>(a). An increase in rates of around 25% in I and II berths and around 55% in the other berths is proposed. This increase is proposed by TPT, perhaps with the intention to make good the loss that could be suffered by not imposing dredging levy.</td><td>The investment on the capital dredging is included as part of the capital employed. Hence the existing dredging levy is required to be retrieved by the port. Accordingly, the same is added to the existing base rates. This is done only in respect of vessels which occupy deeper draft berths, Coal & Oil jetty. Actually, the trade will be benefited by the above approach rather than the earlier approach of fixing dredging levy.</td></tr>
<tr><td></td><td>(b). It has furnished a comparative statement of the vessel related charges levied at the neighbouring port of Chennai, Cochin vis-à-vis the existing and proposed vessel related charges by TPT. The proposed vessel related charges are 39% higher than those prevailing in the neighbouring port which needs to be looked in a proper perspective.</td><td>Capital assets costs and operating costs are not uniform among ports and hence, tariff also cannot be uniform.</td></tr>
<tr><td>(viii).</td><td><u>Shifting Charges:</u>
Earlier, pilotage included one shifting also, if and when demanded by the trade apart from inward and outward movements. The charges were so fixed giving allowance for one such shifting. Therefore, if the trade is to be charged for shifting, the pilotage fee should be reduced to that extent. But, what is now proposed is in the other way round. Pilotage fee is not reduced but it is increased multifold. If reduction is not possible in pilotage, one shifting should be allowed to the trade without collecting any additional charges.</td><td>It has sent a separate proposal vide letter A-1/1/2006-Cost dated 31.5.2007 proposing shifting charges on GRT of a vessel.</td></tr>
<tr><td>(ix).</td><td><u>Cleaning Charges</u>:
The TPT has proposed a rate of Re.1/- per tonne towards cleaning charges for removal of spilled cargo during transportation. It is unable to comprehend the</td><td>The cleaning charges are intended towards cleaning the port roads and berths as the dusty cargo/food grains flowing on the roads cause accidents during the times of rain as well as due</td></tr>
</table>

	logic behind this levy since TPT is collecting for all sorts of services rendered. A separate levy in this fashion is not understandable. The port should desist from the practice of collecting cleaning charges. If this levy is not discouraged now, there may be a time for fixation of wharf cleaning charges, road cleaning charges, transit shed cleaning charges, warehouse cleaning charges, vessel cleaning charges and weighbridge cleaning charges etc.	to the impact of moisture. In order to avoid such instances, it proposes cleaning of the roads by engaging outside people and hence the charges are reasonable and it is justified. The contention of collection of other cleaning charges as indicated by the Association is unwarranted and is without appreciating the basis of collecting cleaning charges to ensure safety on travel for all vehicles in the port area.
(x).	<u>Wharfage Dues:</u> Increase proposed in wharfage rates is considerably high. Even for captive cargo, rates have been increased. The wharfage rate should be reduced considerably based on the past performance of the port. With the increased volume of cargo, the revenue of the port will also increase automatically.	As regards the request made by the Association to reduce the wharfage rates for cargo items like Coke, Wheat, Phosphoric Acid, LPG, Gypsum and Copper Concentrate it has clarified that this pertains to its internal policy to fix differential wharfage based on segmental analysis of captive and non-captive cargo items.
(xi).	<u>Weighment Charges</u>: It is alarming to note that the weighment charges are proposed at Rs.6.00 per tonne from the present rate of Rs.2.95. The increase proposed is roughly 103% which is quite unimaginable.	The increase in weighment charges is due to high cost incurred by the port. The service is optional for the port users and no compulsion is there to weigh in the port weigh bridges except in case of cargo items stored in transit sheds.
(xii).	<u>Anchorage Charges:</u> No charges should be levied if a vessel is waiting for want of berth.	This is already taken care of by the existing provisions.
(xiii).	<u>Charges for machineries for purpose not specified earlier:</u> Most of the equipment listed in the SOR are not available for working as and when requisitioned by the trade. There is, therefore, no sanctity in prescribing some rates and proposing increase in such rates. For port wharf grab cranes, pro-rata reduction should be given in case of break down, power cut etc., while on working.	The matter relating to the mechanical appliances of the port not available for working when requisitioned by the trade is different from prescribing a rate when the supply is made. Whenever the equipment is supplied, the rate would be applied hence, the inclusion is in order. Regarding the port wharf grab cranes, being infrastructural facilities for which token element is included in berth hire. The actual cost is higher than the element included in berth hire, hence, no such reduction is practicable.
(xiv).	<u>License fee for entry of vehicles:</u> Private cargo handling equipment are engaged by the trade with a view to increase the productivity of the port. Such use may be on the basis of daily, monthly, half yearly or even annually. For entry of such cargo handling equipment, 100% increase has been proposed as license fee. TPT does not have any such facility catering to the needs of the trade and users. There are a few private equipment operated by private parties and those parties should be allowed to continue their operation without enhancing the present rates. In case the proposed increase in rates is allowed, the cost on such entry of private cargo handling equipment will be passed upon the handling cost of Tuticorin port. In view of the above, the entry fee should be maintained at the existing level. Other major ports are charging very less amount for equipment. For example Chennai Port Trust is charging Rs. 25/- per day and Rs. 2000/- per annum for equipments. In the draft Scale of Rates of TPT, the entry fee per day is proposed as Rs. 300/- while it is Rs. 42,300/- per annum.	Regarding the licence fee for entry of vehicles, the port is in the process of seeking the approval of TAMP on the rates to be levied by the said private equipment inside the port area. The increase of the said licence fee is justified and the same may be allowed to continue without any modification. The impact of the said increase is very much negligible and will have no significant impact on the cost of such entry of port equipment.
(xv).	<u>Issue of duplicate copies of bills and receipts:</u> Hitherto a rate of Rs.15/- each is being collected for issue of duplicate copy of bills and receipts. This rate is proposed to increase to Rs.50/- each. It is quite unreasonable. In fact, the port can issue such things free of cost as a service.	It incurs huge expenditure in the form of tracing old records, printing the said duplicate copy of bills as well as dispatching the same to the users by post/courier. Hence, the increase proposed for issue of duplicate copy of bills to Rs.50/- is justified.

<table>
<tr><td>(xvi).</td><td><u>Photo permits:</u>
The percentage of increase for fresh permits, renewals, duplicate permits, penalty etc., ranges from 86 to 95%. This is not justified.</td><td>The photo permits are miscellaneous services and the rates are fixed based under current expenses incurred by the port to conform to ISPS requirements.</td></tr>
<tr><td>(xvii).</td><td><u>Railway siding charges:</u>
The port prescribes certain charges for railway siding. The port has not given any tariff for the same in the draft proposed SOR. It is presumed that the existing rates will continue.</td><td>The railway siding charges are decided vide section 31 of the Indian Railway Act 1947. Hence, the same is outside the purview of the subject proposal.</td></tr>
<tr><td>(xviii).</td><td><u>Penal interest:</u>
The rate of penal interest should be restricted to 2% above the prime lending rate of the State Bank of India and it should not be at the convenience of the Port Trust.</td><td>Regarding the penal interest, the guidelines of the Authority will be followed.</td></tr>
<tr><td>(xix).</td><td><u>Damage to port property:</u>
Damage to the port property is decided arbitrarily without going into the details for the reasons for such damages. It suggests that a system should be evolved for the purpose after consulting the trade.</td><td>The expenses incurred by the port are being recovered from the users which include direct cost plus departmental charges and overheads. If the users have any specific grievances the same may be referred to the port for resolution. This is not a subject relating to tariff fixation.</td></tr>
<tr><td>2.</td><td>Tuticorin Ship Agents' Association (TSAA)</td><td></td></tr>
<tr><td>(i).</td><td>It has reiterated the comments made by the TCHAA.</td><td>It has reiterated the reply furnished on the comments of TCHAA.</td></tr>
<tr><td>3.</td><td>Tuticorin Port Handling Agents' Association (TPHAA)</td><td></td></tr>
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<tr><td>4.</td><td>Tuticorin Chamber of Commerce & Industry</td><td></td></tr>
<tr><td>(i).</td><td><u>Schedule of Port Dues:</u>
(a). Slabs of charging may be revised as given below:
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(a). TAMP guidelines are adopted. No change is possible.</td></tr>
<tr><td></td><td>(b). In note no. 5 add the word 'cargo'. The modified provision will be a vessel entering the port in ballast and not carrying passengers / cargo shall be charged with only 75% of the Port Dues with which she would otherwise be charged.</td><td>(b). "Cargo" need not be specified separately as the proposed provision is as per section 50A of MPT ACT 1963.</td></tr>
<tr><td>(ii).</td><td>Reinstate, 60% concessional rates for coastal vessels as per TAMP's Order with effect from 1/2/2005 in respect of all vessel related charges.</td><td>TAMP order provides for one time conversion, since this is already done, the same need not be repeated.</td></tr>
<tr><td>(iii).</td><td><u>Schedule of Pilotage Fees:</u>
Tariff may be charged only on the basis of GRT of the vessels as in the past without linking berth usage. It is requested to maintain the same six slabs to identify the size of a vessel.</td><td>No comments furnished.</td></tr>
<tr><td>(iv).</td><td><u>Miscellaneous Pilotage Fees:</u>
Specify the compensation fees for carriage of pilot on per day basis. Further the following may be added to the Note (3).

"In addition, compensation at the rates prescribed at serial number (6) in the schedule shall be payable by the master of the vessels till the time the pilot is brought back to the port". (This is suggested to avoid confusion since pilot has his own choice to report back to duty or not on a specific date/time).</td><td>No confusion is experienced in this regard. Hence, no amendment is required.</td></tr>
<tr><td>(v).</td><td><u>Schedule of Berth Hire Charges :</u>
It is requested to maintain the old rates and calculate it on the basis of GRT of the vessel.</td><td>No comments furnished.</td></tr>
</table>

(vi).	<u>Schedule of Berth Hire Charges for other vessels:</u> (a). For calculating Additional Berth Hire Charges after expiry of time given by the Deputy Port Conservator to vacate the berth, notice of atleast 12 hours in advance as proposed in Sl No: 7 is applicable. (b). Exempt proposed levy of additional berth hire charges under Note No.7 for occupation of berth under force majure conditions.	(a). No specific comments. (b). Force Majure clause is not relevant in the case. The same is based on Deputy Conservator's instruction in writing according to individual cases.
(vii).	<u>Anchorage fees :- (For other vessels)</u> The TPT has proposed that vessels which use anchorage for not more than 24 hours from the time of arrival of the vessel and if stay at anchorage for more than 24 hours is due to non-availability of berths/jetties, there will not be any anchorage fees. It is suggested to avoid anchorage fee for vessels waiting due to non allotment of berth by port.	It does not agree to the suggestion made by the TCCI.
(viii).	Apart from these comments it has reiterated the points made by TCHAA with reference to shifting charge, anchorage charge, wharfage charge, license fee for entry of vehicles, etc.	Comments are already furnished on the points made by the TCHAA.
5.	**Tamil Nadu Electricity Board (TNEB)**	
(i).	It is seen that the average deficit of Rs.832.76 lakhs is envisaged to be recovered through cargo related charges at Rs.528.96 lakhs and vessel related charges at Rs.335.17 lakhs. It is seen that the total recovery proposed (Rs.864.13 lakhs) exceeds the deficit by Rs.31.37 lakhs. This requires correction.	The average deficit when recovered at the proposed percentages may show earnings which would be in excess by Rs.31.37 lakhs. The proposal is to recover the deficit in full and is based on the estimates of anticipated income. Hence the excess need not be exactly made zero. Whatever excess or shortfall in the deficit will be taken care in the subsequent revision exercise.
(ii).	It is noted that based on the deficit worked out there is a need to increase the tariff in port dues by 30%, pilotage and berth hire by 23% so as to absorb the dredging levy. But the overall increase on the total port charges payable inclusive of the dredging levy (merged in the Scale of Rates) proposed is only about 2% of the existing tariff.	The actual percentage of increase in the vessel related charges is only 2% to 3% in January 2007 proposal. 30% increase in port dues and 23% in pilotage fees is pertaining to the merger of current dredging levy with the basic charges and was part of the initial proposal submitted to the Authority in February 2006. This has been modified in the revised submission to the Authority in January 2007 by prescribing vessel related charge for different categories of berths.
(iii).	(a). In respect of cargo handling charges, it is noted that increase proposed ranges from 10% to 32% depending on the cargo. Based on segmental analysis, wharfage rate on cargo has been proposed to increase by 5% i.e., from Rs.38/- PMT at present to Rs.40/- PMT which is found to be very high.	(a). No specific comments furnished.
	(b). Slab rates similar to the one introduced in the previous scale of rates may be adopted now also, since the flat rate of Rs.40/- PMT proposed now by Tuticorin Port Trust is very much on the higher side.	(b). No specific comments furnished.
(iv).	A detailed evaluation has been made to assess the cost implication of the proposal and it is seen that in respect of vessel related charges there is an increase of 5.56% inclusive of the dredging levy and in respect of cargo related charges there is an increase of 5.26%.	The increase in proposed rates is due to merger of dredging levy and due to projected cost/projected traffic.
(v).	<u>Dredging levy:</u> (a). While finalising the dredging levy in 2000, the TPT has categorically stated that it will terminate this levy as soon as liability is discharged and it had been assured by TPT that the dredging levy will remain as a separate levy and will not be merged. The Order of 2002 passed by the Authority also stated that merging this expenditure with other operating cost and revising the	The points made by TNEB about dredging levy etc., are with reference to earlier proposal submitted by TPT to the Authority. The Scale of Rates proposed earlier has already been modified and revised proposed Scale of Rates filed to the TAMP has simultaneously circulated to the various users and user associations including TNEB. Hence the points raised by

	basic tariffs may perhaps lead to loosing the objective of this levy in the long run and may even result in unjustified perpetuation of additional burden. Contrary to the above, TPT in the present proposal for revision in Scale of Rates have proposed to dispense with the Dredging levy being shown separately and instead merged the same with the port charges by increasing the port dues by 30% and pilotage and berth hire charges by 23%. (b). If it is ascertained that the liability is yet to be discharged in full, then the dredging levy should be shown separately but at a much reduced rate since major portion of the liability would have been discharged by now.	TNEB and comparative statement furnished by those are not relevant. The issue of merger of dredging expenditure with other port charges is no longer an issue in the light of the current proposal to maintain the existing dredging levy separately in the Scale of Rates.
(vi).	The way leave charges for the area occupied by the TNEB conveyors in the Coal jetty-1 and Coal jetty-2 of TPT is being charged by TPT on tonnage basis i.e. on the total tonnage of cargo handled per annum as against area basis followed in other major ports. If the charges are collected on area basis, the total charges payable by it would be less than 2 lakhs per annum as against about 35 lakhs to Rs. 40 lakhs per annum payable if collected on tonnage basis. This issue was referred to TAMP earlier and TAMP also accepted the views of TNEB and informed TPT to examine the points made by the user and propose suitable modification in this regard in the next general review of tariff. Despite specific instructions of TAMP, TPT has not conceded to TNEB's request in the present proposal and have proposed to enhance way leave charges from 0.65 paise PMT at present to 0.67 paise.	Levy of Way leave charges on per Metric Tonne basis as against the usual area basis is based on agreement with TNEB and is to be dealt with separately and not part of the General Revision proposal. The issue will be examined and the decision will be communicated in due course. Till then, the current status may be allowed to continue.
(vii).	(a). The last general revision in the Scale of Rates of Tuticorin Port approved by TAMP vide Gazette Notification No.TAMP/31/2002-TPT dated 4.10.2002, the increase in vessel related charges had ranged from 122% to 513% as against only 12% to 13% proposed by Tuticorin Port Trust. It had made repeated representation to TPT for reduction in the Scale of Rates but to no avail. It had no other option but to file a writ petition in the Hon'ble High Court of Madras seeking justice and the Hon'ble High Court intervened in the matter and gave an interim order to pay 50% of the differential amount between the pre-revised and revised rates till final disposal of the case. This is being paid to Tuticorin Port Trust till date and the case is still pending in the Hon'ble High of Madras.	(a). As regards the issue raised by the TNEB regarding the revision in Scale of Rates in October 2002 and the matters relevant to writ petition before the Hon'ble High Court of Judicature at Madras, it has no comments to offer pending decision of the Hon'ble High Court.
	(b). When it questioned to TPT about the validity of instant tariff revision proposed when the previous revision itself is contested in the Court of law, the TPT informed that the present proposal for revision could be given effect to without prejudice to the outcome of the final judgment of the Hon'ble High Court of Madras.	(b). No specific comments furnished.
	(c). Efforts were taken by both TNEB and Tuticorin Port Trust for out of Court settlement of the issue and finally a negotiation meeting was convened between both the parties in the presence of the Hon'ble Minister for Electricity of Tamil Nadu. It was agreed that 25% concession on the vessel related charges applicable for the coastal vessels will be given effect to and TNEB has to withdraw the case, but till date the case has not been withdrawn by TNEB since TPT are yet to issue orders effecting 25% concession for TNEB/PSC's vessels. The TPT agreed for 25% concession for future cases only and subject to the condition that TNEB remits the entire arrears of port charges accrued from 3.11.2002 till date.	(c). The rate has been proposed based on TAMP guidelines. Hence, the question of unreasonableness does not arise. The mid way Scale of Rates prior to 2002 and that which came in to effect from November 2002 stated to have been agreed to by TNEB and Tuticorin Port Trust in the presence of Hon'ble Minister for Electricity is not relevant for the purpose of current tariff fixation. In as much as the Board of Trustees of Tuticorin Port Trust resolved for the withdrawal of the court cases subject to payment of the arrear by TNEB in accordance with the approved scale of rates, prior to the

	The above contention of TPT is totally baseless as TNEB never accepted for payment of any arrears. If TNEB pays the arrears w.e.f. 3.11.2002 to till date it would tantamount to TNEB accepting the revision as per the Gazette notification dated 4.10.2002. TNEB on the contrary filed a writ petition praying that the exorbitant hike should be reduced and given retrospective effect w.e.f. 3.11.2002.	consideration of 25% concession by Port, the issue is outside the purview of TAMP. This is the matter to be discussed as part of the mutual discussions and agreement and not through the forum of the Tariff Authority for Major Ports. Hence, the same need not form part of the review by the Authority.
	(d). TPT had agreed to review the vessel related charges applicable at present for coastal vessels (60% of the rate applicable for foreign going vessels) and finalise the rate mid-way between the old rates and the present rates. It has accordingly requested the TPT to accept the rates which are mid-way between the pre-revised rates and existing rates.	(d). The current proposal under the consideration of the Authority is for general revision of Scale of Rates of Tuticorin Port and hence the issue of concession in the Scale of Rates raised by the TNEB in the reference cited has to be discussed and decided between TNEB and TPT within the ambit of the approved Scale of Rates by the Authority after considering various other issues like settlement of past dues along with interest etc.
	(e). The comparative statement prepared by it shows that the present revision proposed by TPT when compared with the 25% concessional tariff agreed to earlier by TPT in the presence of the Hon'ble Minister of Electricity of the State of Tamil Nadu is about 35% more in respect of port dues, 101.73% more in respect of pilotage and 137.49% more in respect of berth hire charges. The port charges proposed for revision is the highest when compared with that of the load ports of Haldia, Paradip and Vizag, especially the berth hire charges which is more by about 100%, 206% and 233% respectively. Under the above circumstances, TNEB has requested that in the light of various representations made earlier and also taking into consideration the writ appeal filed by it on tariff Order of 2002 (but still pending in the Hon'ble High Court of Madras) and also in the light of the negotiation made in the presence of the Hon'ble Minister of Electricity of the State of Tamil Nadu, TAMP may kindly intervene so that the above issues are amicably settled.	(e). Regarding comparison of rates with other ports, the rate fixation of Port Trusts is mainly with reference to the cost of handling and TAMP guidelines. In the light of the revised proposal to retain the dredging levy at the existing rates and reduction of basic vessel related charges by 5%, the comparative statement furnished by TNEB is not relevant and hence no comments.
6.	**Southern Petrochemical Industries Corporation Limited (SPIC)**	
(i).	The proposed increase in the wharfage for fertiliser raw material by 20% is going to be detrimental for the fertilizer industry. Fertilizer industry is totally under the control of Department of Fertilizers, Government of India. Upward revision in the tariff could neither be passed on to the customer nor reimbursed by the Government and is to be absorbed by the industry which is already suffering due to non-recognition of many such costs by Government.	Pricing mechanism of the port is mainly with reference to the cost of handling. If the company signs MOU with TPT for assured cargo throughput as mutually agreed, it can consider rebates for increased handling based on merits of each case. Increase is inevitable, as the port has to give weightage to other cargoes to bring in improved throughput.
(ii).	At present, TPT is charging higher wharfage compared to Chennai Port. Hence, TAMP is requested to maintain the same rate for the fertilizer raw materials like Naphtha, Ammonia, Sulphur, rock phosphate and phosphoric acid.	It has to incur lot of expenditure in ensuring safety of the area because of highly inflammable nature of cargo carried through pipelines. Hence rates cannot be reduced. However, if more volume of cargo is offered then it will consider granting rebates on mutually agreeable basis. As regards phosphoric acid, the traffic is reducing from 1997-98 to 2006-07. The traffic of this cargo is not even of the level of the minimum guaranteed traffic as agreed in the MOU reached between the company and TPT in 1990. In view of this, the rates cannot be kept at the existing level.

7.	**PSA SICAL Terminals Limited**	
(i).	The vessel related charges (pilotage, port dues and tug hire) in Tuticorin is one of the highest in the world; about 2.5 times that of Singapore, 3 times that of Colombo and 3 to 4 times that of Salalah and Port Kelong. While the container terminal operators are working hard to provide world class services at the most competitive containers handling charges in the world, it is only logical that the vessel related charges are also bench marked to international levels.	Port rates cannot be compared with that of Singapore, Kelong and Salah for the reasons that the scale of operations and infrastructure are entirely different in such ports. However, it has introduced the following concessions in vessel related charges for container vessels in the past four years: (a). Package marine charges for vessels beyond 16000 GRT and 21000 GRT. (b). Concessional vessel related charges at par with Colombo Port as directed by the Government from July 2004 to March 2005 to attract the main line container vessels and 10% concession to other container vessel with 16000 GRT and less. However, the private operator should also introduce such incentive in handling charges to attract traffic.
(ii).	The very high vessel related charges, coupled with inadequate draft, hampers the efforts of the terminal operators to attract main line calls.	No specific comments furnished.
8.	**Sterlite Industries (I) Limited**	
(i).	The wharfage rates for bulk cargo like copper concentrate, rock phosphate and liquid cargo like sulphuric acid, phosphoric acid are very high as compared to other major ports. It is requested to bring the rates at par with rates of other ports.	Each port is having different cost structure and hence there cannot be any uniform wharfage across all major ports.
(ii).	The proposed SOR would affect the viability of its business and may result in its closure affecting approx.10000 people who are directly or indirectly employed in this business.	This is an internal issue of M/s Sterlite and is not relevant for the tariff fixation exercise.
(iii).	(a). The proposed increase in Wharfage charges of cargo items like Copper Concentrate, Rock Phosphate, Gypsum, Acids etc is in the rage of 18 to 43% as against an increase of 1 to 5% for similar products over the existing tariff. This is very high and will affect our business viability (Comparison statements enclosed). (b). Corresponding rates in the neighboring Chennai Port is less than the proposed rates of Tuticorin. (c). Its volume is expected to increase by almost 50% in the next two years and hence there is a need for concessional treatment with reduction in wharfage charges to promote the business and the port.	(a). There is no increase in the cargo related charges in the revised proposal. (b). Corresponding rates is not relevant for the purpose of fixing rates of Tuticorin Port Trust. (c). The concessional treatment sought for in the light of volume increase by 50% is a different issue to be resolved based on the MOU with the TPT and the company.
(iv).	The wharfage of copper slag has been classified alongwith copper product and charged @ Rs.30/- per MT (proposed Rs.30.93). This being an industrial waste similar to Gypsum is being exported under negative realization. Considering the low cost of copper slag, like Gypsum, it has requested that slag may be classified along with Gypsum and charged at the same rate.	As per the traffic projections, the quantity of Gypsum handled during the year 2006-07 and 2005-06 were 89 tonnes and 1941 tonnes only. Considering the very meager quantity handled the item does not require any further modification in the rate. If the company is prepared to agree on volumes, concession will be considered on a case to case basis as mutually agree upon. This is outside the purview of the tariff fixation.
(v).	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 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.	The CHLP levy is being collected on M.T. basis in respect of all cargo item 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 overhead collected as levy. Hence, the charging pattern need not be modified.

	CHLP levy should be charged in proportion to the number of labour employed and not arbitrarily on the quantity of material handled using modern machinery and equipment.	
9.	**Caltex**	
	The increase proposed in wharfage charges for LPG seems to be very much on the higher when compared to other ports in India. It is, therefore, requested to review the revision proposed in wharfage charges. It has requested that the current rates may be continued without any increase.	If concrete proposal for increased volume is agreed, it may consider rebate on a case to case basis as Oil jetty still operates at 32% of capacity only. The revised proposal submitted to TAMP subsequently seeks to reduce the vessel related charges and retain the existing cargo related charges without any increase. Hence, the request of the user is already addressed.
10.	**Tuticorin Exporter's & Importer's Chamber (TEIC)**	
(i).	<u>Port dues</u> The berth-wise port dues proposed for the coastal and foreign flag vessels should be withdrawn since it is quite abnormal. Further, if the vessel is shifted from a berth of different port dues, then it could cause a predicament. Hence, it is advisable to follow the old system of levying port dues uniformly for all berths.	At present, rates for port dues are same but with different percentage of recovery on the basic rate is due to merger of dredging levy.
(ii).	<u>Anchorage fees:</u> (a). Due to highly progressing trade of Sri Lanka and Maldives with India a large number of smaller vessels are arriving at Tuticorin Port and the following difficulties are being experienced by these smaller vessels: ➢ The vessels usually wait at anchorage at least 2 to 5 days while berth being allotted. ➢ No functional service or assistance is provided by the port for the vessels at anchorage. ➢ High charges are levied for the tug service provided by the port for the anchorage services. ➢ The anchorage charge proposed by the port is drastically high in comparison with other ports. ➢ In the proposed Scale of Rates, different rates are applied for Colombo and Maldives vessels which should be avoided. The new proposed system of levying anchorage fees for all vessels waiting at anchorage irrespective of the reasons such as non-availability of berths or agents option should not be introduced. (b). The anchorage fees may be collected from those vessels which arrive and anchor within the Tuticorin Port Trust limits and sail without carrying any cargo and for those vessels that wait in the anchorage without sailing even after loading the entire cargo.	Request for exempting anchorage fees for vessels anchoring and sailing without carrying any cargo or waiting at anchorage even after loading the entire cargo defeats the purpose of the levy i.e. to avoid congestion at anchorage to pave way for incoming vessels. Hence, the request for selective levy of anchorage fees is not agreeable.
(iii).	<u>Pilotage fee:</u> The proposed levy of pilotage fee for vessels berth-wise besides GRT based is quite strange. It is requested to apply the rates for vessels on GRT basis only as per the earlier system. All vessels upto 30000 GRT have been placed under one slab rate which would highly affect small size vessels that are calling at the Tuticorin Port.	Care has been taken to bring down the rates to average size of the vessel which are being berthed in the respective categories of berth and revised rates have been worked adding the deficit to be recovered. Hence weightage for the average size of vessels in each category of berths is taken into account. The fear expressed is not based on facts.
(iv).	<u>Internal shifting charges:</u> The internal shifting charges (other than to outer anchorage) proposed at 50% among berths III to IX is extremely high and not relevant. It may be necessary to apply normal reasonable fee structure.	No specific comments furnished.
(v).	<u>Weighment charges:</u> The proposed increase in weighment charges within the port to Rs.6 PMT and a minimum of Rs.70/- per truck is high in comparison to Rs.40/- if weighed outside the port premises.	The weighment on its weigh bridges is only in exceptional cases when the cargo is stacked under transit terns. The proposed rate is with respect to cost of rendering the service. Hence the increase is inevitable.

(vi).	Annual license fee – for entry of private equipment The proposed rate for the entry of heavy equipment which is double than the existing rate may be with drawn in view of the following situation prevailing at the port: The additional berths and the shallow water berths are not equipped with crane facilities for loading and unloading operations for small size vessels. Hence, private mobile cranes are used. The private heavy equipment will be utilised at wharf for about 150 to 200 days out of 365 days in a year. Most of the small size vessels calling at Tuticorin Port do not have gears and about 75% of the vessels calling at the port are gearless. It is proposed to levy double than the existing rates which will escalate the handling costs for the shippers. It is, therefore, recommended to continue with the existing SOR for this item.	The proposal to fix higher differential rate for private equipment inside the port area is to give weightage to the permission given inside the security area for commercial operations and hence is justified. There is no relationship between the licence fee paid by the operator of the equipment and the rate being charged by the operator. Besides, the differential rate is also one of the commitments given to the Principal Accountant General (TN & Pondicherry) with respect to loss of revenue on account of such differential fixation.
11.	**All India Chamber of Commerce & Industries (AICCI)**	
	It has reiterated the comments made by the TCHAA and the Tuticorin Ship Agents' Association.	It has reiterated its comments furnished in respect of comments of Tuticorin Customs House Agents Association and Tuticorin Ship Agents' Association.
12.	**Tuticorin Stevedores' Association (TSA)**	
(i).	Cargo handling activity is already generating a surplus of 38.11% whereas in the port and dock activities there is a deficit of 57.53%. As vessel related charges are already ruling at very high at the port when compared to even the neighbouring port of Colombo, it may not be possible to hike the marine dues abnormally to make good the deficit. The cargo and storage activities are cross-subsidising the entire deficit. Though TAMP is not in favour of cross-subsidising they cannot do away the same immediately. Therefore it is incumbent of the port to make the port and dock activities also a self-sustaining one without depending perennially on cross subsidising.	No comments furnished.
(ii).	(a). The broad categorization of the vessels for the purpose of levying pilotage charges is too wide. It should be further subdivided. At present the number of vessels of more than 30000 GRT calling at the port is minimal. The TPT may be directed to furnish the data relating to vessels called at the port for the past 2 to 3 years with more than 30000 GRT. (b). It is observed from the Annex F to the proposal, that maximum average GRT of the vessel handled during the last year was 28600 only and it does not make much sense to bring the vessel under 30001 to 60000 GRT and more than 60000 GRT till such time the dredging is done up to 12.8 mtrs. The proposed categorisation will have an impact on smaller vessels going to Maldives/Colombo carrying timber log, etc. It is desirable to fix the vessel related charges in consonance with the categorisation of the vessel in the freight market.	No specific comments furnished.

<table>
<tr><td>(iii).</td><td>Berths may be grouped as follows considering the draft, cranes, godown and other facilities at the berth:
<table>
<tr><th>Berth details</th><th>Facilities at the berth</th></tr>
<tr><td>Group: I berth</td><td></td></tr>
<tr><td>a. VOC – I and II</td><td>Non deep draft berths with crane and transit shed facilities</td></tr>
<tr><td>b. V & VI</td><td>Non deep draft berths without crane and transit shed facilities</td></tr>
<tr><td>C. Shallow berths</td><td>Shallow berths without crane and shed facilities</td></tr>
<tr><td>Group: II berths</td><td></td></tr>
<tr><td>a. VOC: III & IV</td><td>Deep draft berths with crane facilities</td></tr>
<tr><td>b. Berth : VIII</td><td>Deep draft berths without crane facilities. This berth is unique in nature for serving the vessels carrying clean cargo like foodgrains.</td></tr>
<tr><td>Group: III berths</td><td></td></tr>
<tr><td>a. CJ1 & CJ2</td><td>Captive berth for thermal power station</td></tr>
<tr><td>b. Oil jetty</td><td>Liquid cargo berth</td></tr>
<tr><td>Group: IV berths</td><td></td></tr>
<tr><td>a. Berth: VII</td><td>Container terminal</td></tr>
</table></td><td>The revised proposal submitted to the Authority in March 2007 proposes to continue with existing structure of pilotage, berth hire as well as port dues, the points raised regarding the initial proposal and the classification suggested are not relevant.</td></tr>
<tr><td>(iv).</td><td>On analyzing the percentage of concession availed by the vessel in pre-merger of dredging levy and the post merger it is found that the percentage of concession varies erratically from berth to berth which should be addressed.

It also needs to be examined whether further concession is required to container terminal which already enjoys concessional port dues and pilotage. It has submitted that in oil jetty 25% tanker surcharge in berth hire is omitted.</td><td>No comments furnished.</td></tr>
<tr><td>(v).</td><td><u>Port dues:</u>
The service rendered for collection of port dues is uniform for all the vessels irrespective of the size, type, etc. Differential port dues are not warranted. Uniform port dues may be collected for all the vessels.</td><td>The suggestion to have uniform rate of port dues is addressed in its revised proposal submitted to the Authority in January and March 2007.</td></tr>
<tr><td>(vi).</td><td><u>Pilotage:</u>
Berthwise collection of pilotage charges is unacceptable to the trade and it is not in tune with the trade practice. To cite an example, a sulphur vessel with 8000 GRT may be constrained to berth in a dirty cargo berth viz. VOC- III & IV as classified by the port. However, the vessel will be charged disproportionate to the GRT. In this scenario it is advisable to fix the pilotage on GRT basis and additional charges /discount may be fixed based on the service level.</td><td>It can levy pilotage fees only with respect to the GRT of the vessel with reference to the specific berths. The example cited about a vessel of 8000 GRT being berthed in a dirty cargo berth/VOC III & IV and liable to pay disproportionate charge is not correct. Due to environmental regulations, the port has to meet the Environment Management System requirement and it has to handle such cargo only in III & IV berths for which the specific rate is available with respect to the draft available in the said berths. Regarding the suggestion to have additional charges/discount based on the service level, the Importer/Exporter is free to have an MOU signed with the port for achieving additional throughput with concessional charges.</td></tr>
<tr><td>(vii).</td><td>It has made the following suggestion for the consideration of TAMP:
(a). The service level in terms of tug assistance, mooring crew, skilled pilotage and response time, for berth nos. I,II,V,VI, SBW and FI may be grouped together.</td><td>
(a). and (b). By virtue of the revised classification of the vessels berthwise, the non deep draft berths cover berth No. I, II, V, VI, Shallow water berth and hence service level is confirmed to the facilities and deep draft.</td></tr>
</table>

	(b) GRT based pricing may take care of the cost at berth no. III, IV and VIII as normally bigger vessel are berthed at these berths. (c) A weightage in cost is needed for oil jetty and coal jetty as priority is given in the order of vessel movements. (d). There should be additional cost in the pilotage for container vessels as utmost priority is given in the order of movements.	(c). The oil jetty and coal jetty are captive berths. With reference to the GRT and draft requirements, the rates are separately fixed. (d). The demand for additional cost in the pilotage fee for container vessel citing priority given in the order of movement is not accepted as the container vessels are berthed only in the berth no. VII (BOT Terminal) exclusively and hence the priority given to the said vessel in no way affects the performance of the vessels in the other berths.
(viii).	<u>Berth hire:</u> The pricing of berth hire may be done as follows: ➢ For VOC –I & II – weightage may be given to crane and transit shed facilities. ➢ Berth no. V & VI – concession for crane and shed. ➢ Shallow berth – concession from crane, shed and shallow draft. ➢ VOC III & IV – weightage for crane, deep draft and dusty nature of the cargo. It is seen from the past records that the vessels carrying dusty cargo are suffering maximum pre-berthing detention. In all fairness in the pricing these two berths deserve concession for pre-berthing detention. ➢ Berth no. VIII – A premium rate may be levied for this berth since this berth is unique in nature and is earmarked for handling clean cargo. On many occasions this berth is kept vacant although the vessels with suitable LOA and draft carrying other cargo are waiting for berth. ➢ CJ1 and CJ2 – weightage for captive use. ➢ Oil jetty – considering the nature of cargo handled at this berth and a high level of safety requirement weightage is required for oil jetty. This is the reason why 25% tanker surcharge is inbuilt element in the present Scale of Rates. ➢ Berth VII – In respect of container vessel also the service level is high and a premium rate may be charged.	(a). The request for concession due to the Pre-berthing detention in VOC III & IV is not acceptable as it is for the ship agents and the principals to plan their voyages, so that there is no bunched arrival of vessels in the port. Its facilities cater to the average demand and does not cover peak hour demand and avoid pre-berthing detention. Hence any cost involved due to pre-berthing detention should be borne by the said vessels and the port cannot give any concession towards that. (b). Based on trade notices issued by it, the berth no. VIII is earmarked to handle clean cargo. This berth is also allotted to handle dirty cargo provided the vessel pays cleaning charges and deemed shifting charges as percentage of Pilotage so as to avoid the congestion. Hence, the request is not relevant. (c). Coal Jetty I & II and oil jetty are captive berths for which the rates imbibe all respective service levels. Rebate is allowed in berth hire for other general cargo berths for non provision of shore cranes. (d). Regarding 7^{th} berth, already the port charges are termed to be very high when compared to other ports. It took a conscious decision in the year 2000 to fix a lower percentage of dredging levy so as to attract trade.
(ix).	<u>Penal interest:</u> The penal interest should be restricted to 2% above the prime lending rate of the State Bank of India and it should not be at the convenience of the port.	It reiterates its proposal and submits that no change is possible.
(x).	<u>Shifting of dust generating cargo for Decongestion:</u> The persisting problem of congestion at VOC – III & IV has been deliberated on various occasions by the port users. The trade is constrained to pay huge demurrage charges @ USD 30000/- per day (approx) for many vessels in the recent past. It desires to bring to the notice of TAMP the following facts. (a). If the historical background of classification of dirty cargo berths is traced, it could be understood that when Tuticorin Port Trust was having only 4 berths viz., VOC – I to IV, VOC- I & II with transit shed facilities are earmarked for clean cargoes and other 2 open berths for handling dirty cargoes.	Shifting for port convenience is different and it stands. The subject shifting charges are for shifting on Agent's option. Only berth No VIII, V & VI and I and II are termed as clean berths. Berth VII is dedicated container berth.

	(b). In course of time, capacity addition in the Port has taken place and 5 more berths are added. (c). VOC-III & IV remain to be dirty cargo berths and other 7 berths are classified as clean cargo berths. (d). It is obvious that there is a capacity inadequacy for handling dirty cargo and spare capacity in the clean cargo berths. On many occasions, bunching of the vessels is not attributable to the congestion, but the inadequate capacity is the cause for the congestion. (e). Port should reassess the requirement of dirty cargoes vis-à-vis clean cargo. (f). The demand for VOC-III and IV are on the rise as these berths are not only serving the dirty cargo but also the vessels requiring TRF crane irrespective of the draft and clean cargo vessels for lightening and topping up.	berth. Its proposal to allot berth No. VIII or berth No. V & VI to handle dirty cargo items on payment of deemed shifting charges and cleaning charges would address this problem. It is aware of the cargo mix and berth requirement and is taking action to add capacities.
(xi).	There was provision in the existing SOR of the port for one shifting free of cost and subsequent shifting for port convenience free of cost. Such facilities are, however, dispensed with in the proposed SOR.	This is not correct. Shifting only at the Agents' option is chargeable. The proposed provision is in line with the TAMP guidelines.
(xii).	Wharfage charges for dirty cargoes are generally higher than that of clean cargo. It is not explicit as to what are the services rendered by the port for collection of wharfage. It is understood that cleaning is also one of the services which is ought to be rendered by the port.	It is collecting cleaning charges only to meet the cleaning expenditure involved in the approach roads of the port, which are not covered by existing charges.
(xiii).	Shifting of vessels from one berth to another berth is to facilitate berthing of waiting vessel and thereby reduce the pre-berthing detention. It is needless to say that minimizing pre-detention is one of the key parameters to measure the efficiency of the port. It has therefore made the following request: (a). Not to demand any shifting/deemed shifting charges in the event of shifting from VOC – III & IV berths or direct berthing to facilitate berthing of waiting vessels due to the reasons stated above. (b). Not to demand cleaning charges as it is inbuilt in the wharfage itself.	This is factual position and hence no comments to offer. It does not agree to this suggestion.
(xiv).	(a). For determining the increase/decrease in the cargo related charges, it appears that the cargoes have been classified under the four categories viz captive cargo, seasonal cargo, traditional cargo and cargo, which are subject to competition from the neighbouring ports. It is a welcome move that decrease in the wharfage is proposed for the following four categories of cargo: Fertilizer – 2%. Sugar, limestone – 5%. Industrial coal – 17%. Salt (traditional cargo) – 40%.	It has proposed wharfage after segmental analysis.
	(b). Sulphur and rock phosphate are re-classified for fertilizer use and non-fertiliser use. The end use condition is not much relevant to the port and hence for rock phosphate and sulphur a uniform rate may be maintained.	
(xv).	Considering the hazardous nature of the cargo handled at oil-jetty and level of services offered by the port and also recognising that port charges are insignificant when compared to the value of the cargo, the wharfage rates may be increased at a higher percentage for these cargo items.	It has considered all relevant factors while fixing port charges.
(xvi).	The increase proposed for garnet sand, illuminate sand, feldspar at 32% may be reduced.	It has proposed wharfage after segmental analysis.

(xvii).	Government of India has allowed duty free import of wheat duly considering the food security of the nation and checking the soaring prices of wheat. Wheat is potential cargo to the Tuticorin Port Trust. Hence, port may consider to reduce wharfage rate for this cargo by 2% as proposed for fertilizer.	The concession in import duty for wheat is based on the Government policy from time to time. Its pricing is different and cannot coincide with the same. Also, both cannot be correlated.
(xviii).	Sulphuric acid may be treated at par with caustic soda lye for the purpose of revision.	It does not agree with the point made by the user Association.
(xix).	Annual license fee for equipment is as high as Rs.42,300/-. The equipment plays a vital role for boosting the productivity and efficiency of the port. Undue tax on the equipment is disincentive to attract investment on equipment. It may be noted that at the Chennai Port Trust, the annual license fee for equipment is only Rs.1500/-.	The equipment in addition to own use are also spared for use by other users on chargeable basis. The licence fee is for entering the port security area for commercial purposes. Hence the same cannot be reduced. The cost structure and ground realities vary from port to port. Therefore, the rates cannot be compared with Chennai/other Ports.
(xx).	Damage to port property is arbitrarily decided without going in the details for reasons for such damage. A system should be in place to assess the cost of the damage and the reason therefor.	Regarding the damage to its property, the expenses incurred by the port are being recovered from the users, which include direct cost plus departmental charges and overheads. If the users have any specific grievances, it may be referred to the port for resolution.
(xxi).	The proposed weighment charges at Rs.6 PMT are more than double the present rate of Rs. 2.95 PMT. The market rate for weighing at the weighbridge outside the port is Rs. 1.20 PMT only.	The increase in weighment charges is due to high cost incurred by it. The service is optional for the port users and there is no compulsion to weigh on the port's weighbridge except in case the cargo stored in transit sheds.
(xxii).	After due approval of the SOR for a specific period new levies like wharf cleaning, road cleaning, etc. are demanded by the port. Such new levies should be discouraged and the port should desist from making such levies. When wharfage is fixed taking into consideration the nature of cargo there is no justification for levying additional charges periodically.	The cleaning charges are intended towards cleaning the port roads and berths where the dusty cargo/foodgrains flow causing accidents during the times of rain as well as due to the impact of moisture. In order to avoid such instances it proposes cleaning of the roads by engaging labour on contract and hence the charges are reasonable and are justified.
(xxiii).	The port has issued a trade notice on 13 July 2006 for allotment of marshalling yard for value addition activities. Marshalling yard is meant for the storage of rail borne cargo and the fine interpretation of value addition is outside the ambit of the provisions of the SOR. In view of this the above, the stated circular should be withdrawn as the port does not render any service for value addition activities.	The area where value addition like packaging/sorting takes place in Marshalling yard is Port area. Therefore, the contention that it does not render any service is not correct. Provisions of roads, lighting are available in the area for carrying out the value addition activities.
(xxiv).	As industrial coal import is gaining momentum, circumstances arise to load the cargo by rail after having moved to the coal plot. For this, besides paying siding charges, demurrage charges as applicable are demanded for pre-shipment cargo kept at the wharf before wagon loading. It is unfair to demand demurrage without giving any free time. In view of that, for the pre-shipment cargo a free period of one week may be given and thereafter demurrage may be charged after expiry of free period.	The issue is with special reference to handling industrial coal in the port and falls under concession to concerned importer/exporter who is free to sign MOU with it for committed/improved volume of handling and obtain concession on mutually agreeable basis. This is out side the scope of general revision.
13.	**DCW Limited**	
(i).	Indian market is flooded with imported materials which are cheaper and better in quality due to their own advantageous higher level of play field. In short, there is a cut-throat competition between the imported and indigenous products. In such a situation any decision on the part of indigenous manufacturer to hike the cost of his product will ultimately result in total ruin.	The user has raised an internal issue and the port cannot help in this scenario.

(ii).	Indian Industry is very much burdened after introduction of service tax on all services including port activities from 2004 which is increased after year to year. In addition to this, the port has proposed 22% hike on tariffs rates and sent to TAMP for approval which is very much burden to the industry and its survival.	No comments.
(iii).	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/discharge rate.	These pertains to its internal policy and will be attended based on requirements.
(iv).	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.	The increase in port charges is inevitable considering the financial position with reference to evaluating mechanism of TAMP.

2.1. 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). Our proposal is based on 2003-04 to 2005-06 (actuals) and the projections for the future.

(ii). The cost deficit comes to 8% for the six years from 2003-04. Therefore, there is a case for upward revision.

(iii). Our tariff was not revised since 1999. The proposal may not, therefore, cast undue burden on users.

(iv). Efficiency improvement accounts for Rs.5.8 crores. We have not included this amount in the cost statement.

(v). The Japanese yen loan availed for capital dredging was retired with another Indian loan. The second loan was availed as it was advantageous.

(vi). In order to smoothen the impact on vessel related charges, we have attempted to logically group berths. Our proposal is in terms of TAMP guidelines and cross-subsidisation continues.

(vii). Use of port weighbridge causes lot of traffic congestion. The rate is proposed to decongest traffic. Many of private weighbridges are available around port area and users have choice.

(viii). TAMP may take a view on tariff for equipment which are obsolete, as we may procure new. We leave it to TAMP to decide an appropriate increase in the fee for allowing entry of private equipment.

(ix). High court order passed in the Writ Petition filed by Tamil Nadu Electricity Board does not appear to bar any future revision. It relates only to Scale of Rates of 2002. We will send legal advice on this issue.

(x). We will examine the change in method of levy of way leave for TNEB.

(xi). (a). We will review the proposal to retain dredging levy as separate item, as is the case presently.

(b). We will review pilotage fee/shifting charges.

(c). We will examine the proposed weighment charges.

Tuticorin Custom House Agents' Association

(i). The effect of merger of dredging levy with basic rate is more than 30%. TPT is a costliest port already. This proposal will make the port even more costlier.

(ii). The proposed charges for allowing private equipment are very high.

(iii). Dredging levy was introduced for servicing Japanese loan. This loan is repaid. No justification to merge the one time levy with basic rate.

(iv). Increase in berth hire is exorbitant of the order of 35% to 218%

(v). When shifting element is to be separated, the pilotage fee should be reduced, which is not the position maintained by TPT in its proposal.

(vi). The 10 commodities, which are proposed for increased wharfage, are the predominant category. The growth in traffic should be adequate to cover the cost escalation.

(vii). Use of port's weighbridge is unavoidable, as the cargo to be removed after expiry of free days are to be mandatorily weighed for assessing demurrage. Therefore, the proposed increase is a very high burden.

The Tuticorin Ship Agents' Association

(i). The port has recently submitted draft Scale of Rates. There are some changes from the original proposal.

(ii). The minimum slab for pilotage is 30000 GRT. Many vessels, nearly 50% of the total vessels, are less than 10000 GRT. Please review.

(iii). The proposed increase in weighment charges and license fees for equipment may be reviewed.

(iv). Capital dredging levy should not be perpetuated by merging it with the basic charges.

Tuticorin Stevedores' Association

(i). The categorisation of GRT slabs for pilotage does not reflect reality of freight market or the vessel traffic pattern at TPT.

Southern Petrochemical Industries Corporation Limited

(i). We request TPT to maintain the same rates for sometime.

Sterlite Industries (India) Limited

(i). The proposed increase will push up our cost by Rs.2 crores. The wharfage on copper concentrate is nearly 75% of the basis value of the material. It is prohibitably high.

M/s. Catlex India Ltd.

(i). The existing wharfage on LPG is the highest in the country. Please don't increase any further.

Tamil Nadu Electricity Board

(i). Our case is governed by interim order of High Court. The present revision should not apply to us.

(ii). Way leave charges should be based on area occupied by conveyor and not based on tonnage handled by us.

The Container Shipping Lines Association (India)

(i). The proposed slabs in pilotage fees should be reviewed.

(ii). We don't endorse merger of capital dredge levy with basic tariff.

Indian Chamber of Commerce and Industry

(i). We request TPT to concentrate on building volumes to cover costs instead of increasing rates.

Tuticorin Exporters & Importers Chamber

(i). The proposed pilotage will affect smaller vessels.

(ii). When vessels come for loading cargo, port should not charge anchorage fees. Only vessels coming for repairs, etc., can be required to pay anchorage fees.

2.2. At the joint hearing, Tuticorin Ship Agents Association, Indian Chamber of Commerce & Industry (ICCI), Tuticorin Custom House Agents' Association (TCHAA), Southern Petrochemical Industries Corporation Ltd. (SPIC) and DCW Ltd. have filed written submission. The TCHAA, ICCI and SPIC Ltd. have mainly reiterated the comments furnished by them earlier. The main points made by the TSAA and DCW Ltd. other than those comments which were earlier furnished earlier by other user associations are given below:

Tuticorin Ship Agents Association

(i) Higher incremental dredging levy has been proposed for the deep draft berths in comparison to other normal berths. The association does not have any objection for inclusion of an incremental levy in the range of 5% to 10%, since TPT is extending a service for berthing deep draft vessels.

DCW Ltd.

(i). Increase in wharfage charges by 15.4% would greatly reduce its profit margin as it cannot pass this extra liability on to the customers.

(ii). Wharfage in respect of VCM, which is the main raw material that is imported for manufacture of PVC Resins, has also been increased by 17.6% which is very high. This will result in high production and selling cost, which would again push it back in the market amongst other close competitors.

(iii). With regard to import of coal an increase of 16.6% is proposed. This will definitely put it under extreme troubles as the purpose of setting up a Captive Power Plant using coal as feedstock would get defeated.

(iv). It has requested not to enforce upward revision and consider other options such as introducing new port-based services like developing transhipment operations at port waters, creating ship-breaking units etc., to generate revenue.

3. The TPT has submitted that the revised proposed Scale of Rates was been simultaneously circulated to the concerned users/user associations for their comments to TAMP. Tuticorin Custom House Agent's Association, Tuticorin Ship Agents Association and Tamil Nadu Electricity Board have furnished their comments on the revised proposal which were forwarded to TPT. The TPT has furnished its comments on the comments of the users / user associations. A summary of the comments made by the user associations and the views of TPT thereon are given below:

Sl. No.	Comments of users / user organisations	Comments of TPT
1.	**Tuticorin Custom House Agents Association (TCHAA), Tuticorin Ship Agents Association (TSAA)**	
	In the meeting with the users, TPT agreed for 7.5% reduction in marine charges apart from maintaining status quo in the other tariff items. The reduction proposed by the TPT in the revised proposal is, however, to the extent of 5%.	The issues discussed at the meeting with the port users/association is to brief about the port's intention to reduce the rates by 5% instead of the original proposal envisaged for increase in rates i.e. vessel related charges by 22.35% (i.e. 12% normal + 10.35% pension levy) and cargo charges by 3%. Since the detailed workings were not ready at that time it was indicated that 5%

		reduction in marine charges would be proposed based on quick calculations and that port would reduce the rates upto 7.5% if the detailed workings warrant the same. However, detailed workings as forwarded to TAMP warrant for a reduction in marine charges upto 5% only.
2.	**Tamil Nadu Electricity Board**	
	(i). Despite reduction proposed in vessel related charges in the revised proposal, it is still found that the revised rates are unreasonably high. It has furnished a comparative statement of the existing rates paid by TNEB and the revised proposed rates in this regard. (ii). It has reiterated that if the midway Scale of Rates between the rates prior to 2002 and that which came into effect in November 2002 agreed to by TNEB and TPT in the presence of the Hon'ble Minister for Electricity is taken into consideration for comparison, it is seen that the revision now proposed in respect of pilotage charges is more by about 31.21% and for berth hire charges it is more by about 50%. Considering the dredging levy, which is proposed to be declined from the capital, employed, the overall increase in the total port charges payable as per the revised proposal works out to about 76.20%. (iii). On comparison of the proposed revision in Scale of Rates by TPT with other major ports of India where TNEB has its operational activities viz. Haldia, Paradip and Vizag, the revision proposed in respect of the berth hire charges is found to be quite exorbitant, i.e. 395% more that the rate at Haldia, 323% more compared to the rate at Paradip Port and 234% more when compared with Vizag rates. (iv). In view of the above, it has suggested that the berth hire charges at TPT may be reduced substantially so as to be on par with that applicable in other major ports of India. (v). Apart from this, it has reiterated its earlier request that way leave charges may be collected on area occupied basis as done in other major ports instead of on tonnage basis being charged by TPT.	No comments furnished.

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