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Tariff Authority for Major Ports

G.No. 142 **New Delhi,** **07 April 2017**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the V.O. Chidambaranar Port Trust for fixation of reference tariff for Pleasure Yacht and for Boat as part of development of Marina on license basis for a period of 10 years on revenue share mode at VOCPT as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/61/2016-VOCPT

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

QUORUM

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

O R D E R

(Passed on this 8th day of February 2017)

This case relates to a proposal dated 29 September 2016 received from V.O. Chidambaranar Port Trust (VOCPT) for fixation of reference tariff fixation for Pleasure Yacht and Boat as part of development of Marina on license basis for a period of 10 years on revenue share mode at VOCPT.

2.1. The Ministry of Shipping (MOS) under cover of its letter No.PR-14019/16/2012-PG dated 9 September 2013 has issued Revised 'Guidelines for Determination of Tariff for Projects at Major Ports, 2013' as a policy directive under Section 111 of the Major Port Trusts Act, 1963 on 9 September 2013. In compliance of the policy directive issued by the (MOS), the said Guidelines were notified in the Gazette of India. The said Guidelines were made effective 9 September 2013.

2.2. Clause 2.2 of the said revised Tariff Guidelines of 2013, which is relevant, is reproduced below:

> **"***The Reference Tariff ("the Reference Tariff") for each commodity/ category of commodities and each service/ category of service or combination of service or services, as the case may be, shall be determined by TAMP for each Port based on a proposal from the concerned major Port. Such proposal shall contain the proposed Reference Tariff and "Performance Standards". The Reference Tariff will be the highest tariff fixed for that commodity in the concerned Major Port Trust under the 2008 Tariff Guidelines. While adopting the highest tariff, the base rate set under the Tariff Guidelines, 2008 shall be escalated to the extent of 60% of WPI per annum, as provided in the said guidelines for the period between 1st January of the year in which the said tariff was originally notified and 1stJanuary of the subsequent relevant year when the Reference Tariff for the particular project in question is being notified. On receipt of the proposal, TAMP shall notify the Reference Tariff and Performance Standards within 15 days of receipt.***"**

3. The main submissions made by the VOCPT in the proposal are summarized below:

(i). The port has proposed for the Development of Marina at Tuticorin under license basis for a period of 10 years on Revenue share mode to develop Tuticorin area as a tourism centre. Marina in India is also a new initiative in tourism segment being promoted by Tourism Department and Port Authority. This will promote Tuticorin as a tourism centre in South Tamil Nadu by creating recreation facilities for the General public, Port employees, Local population and National & International tourists. Domestic tourists may travel by sea route and halt at Tuticorin to visit other places such as Madurai, Rameswaram, Thiruchendur and Kanyakumari. This tourist attraction will create awareness about V.O. Chidambaranar Port facilities and for the development of Trade and shipping activities towards the growth of Port. Hence, the Port proposes for the project of Development of Marina.

(ii). The site proposed for development of Marina is near Roche park and belongs to V.O. Chidambaranar Port. This facility won't cause any adverse impact on the existing ecosystem and environment, avoids any hampering to the natural flow condition at the proposed area.

(iii). This facility will enhance effective use of the waterfront in possession of the Port and will have socio-economic impacts on the hinterland by employment generation directly and indirectly. Due to the close proximity to the International sailing circuit, the port can also function as an intermediate stopover for the yachts travelling from Far-East and Europe. Having the above sizeable potential tourist market as well as local population in and around Tuticorin, calls for recreational facilities in the form of marina to meet basic requirements of yacht users as well as tourists halting at Tuticorin while commuting between Rameshwaram to Trichendur. To intercept the moving domestic & international traffic– both onshore and offshore, a powerful interceptor in the form of marina along with its allied services of recreational propositions and facilities has been envisaged by VOCPT. Thus, port has proposed the development of a Marina at Tuticorin under DBFOT mode to develop Tuticorin area as a tourism centre.

(iv). **Facility planned:**

The facility proposed in this project envisages off-shore facilities like pleasure trips and on-shore facilities like Museum, Floating resorts, shopping arcades and Floating restaurants planned at floating pontoon structure with guide piles.

(a). Pleasure trips: Passenger crafts will operate pleasure trips to religious & tourist locations. Customers can also avail eco-tourism to islands off Tuticorin coast through different sized yachts and ships.

(b). Museum: The Maritime Museum which specializes the display of objects relating to ships and travel on large bodies of water.

(c). Floating resorts: Floating Villas/ Suits. Accommodation to guests/ visitors and tourists could be provided in the floating villas which will be a different experience altogether for the tourists availing the facility.

(d). Floating restaurants: The clients could be provided with an amazing feel of eating out right in the middle of waters in a floating restaurant.

In addition to the above recreation facilities, Admin building, Cloak room, Toilets, Bathrooms, Shops & Security rooms will be envisaged.

(v). **Physical Features of facility to be developed**:

The following facilities are proposed to be developed in the proposed Marina Project:-

(a). Boat handling berth.

(b). Facility Pontoon.

  (i). Concrete Pontoon for Museum, restaurant and shopping arcade.

(c). Museum – Pota cabin system with hall, display and control office.

  (i). Artifacts.

(d). Shopping arcade - (container Pota cabin with air conditioned system)

(e). Multi cuisine Restaurant.

(f). Floating resort.

  (i). Walkway pontoon.

(g). Yacht (Small Size) – 02 Nos.

(h). Boat (Medium Size) – 02 Nos.

(i) Power distribution system.

(j). Misc. items.

The approximate cost of the Project works out to ₹37.315 Crores.

4.1. The VOCPT has proposed the tariff only for use of Yacht (Small Size) and Boat (Medium size) and accordingly, proposed the tariff for the Yacht (Small Size) and Boat (Medium size) for two seasons i.e., Lean season and Busy season.

4.2. The working details of the Reference Tariff and Performance Standards as proposed by VOCPT in its letter dated 29 September 2016 are given below:

(i). **Optimal Capacity**:

(a). As per the budgetary offer, the capacity of Yacht(small size) is 8 persons per trip and capacity of Boat (Medium size) is 15 persons per trip.

(b). Tariff is calculated for 2 seasons. i.e., Lean season w.e.f. October to March (182 days in a year) and busy season w.e.f. April to September (183 days in a year).

(c). Number of trips to be performed is assumed as 8 Trips/ day during lean season and 10 trips/ day during busy season which depend upon the number of visitors availing the envisaged facilities. This will be the optimum utilisation of marine services.

(d). The calculation of the Optimal capacity (Optimal utilisation as per Feasibility Report) is as given below:

Sl. No.	Particulars	Workings	Estimates
(i).	**Yachts during lean season:**		
(a).	182 days / Year * 0.7 of utilisation (In terms of days) Attributable to 6 months	182 days* 0.7	127.00 days
(b).	8 trips/ day* 182 days * 0.7 utilisation (In terms of trips) - Assuming 8 trips/ day and 70% utilization factor in six months	8*182*0.7	1,019.00 trips
(c).	Assuming 8 persons / trip*8 trips/day*182 days*0.7 UF	8*8*182*0.7	8,154.00 persons
(ii).	**Yachts during busy season (Festive Season)**		
(a).	183 days / Year * 0.7 of utilisation (In terms of days) Attributable to 6 months	183 days* 0.7	128.00 days
(b).	10 trips/ day* 183 days * 0.7 utilisation (In terms of trips) - Assuming 10 trips/ day and 70% utilization factor in six months	10*183*0.7	1,281.00 trips
(c).	Assuming 8 persons / trip*0.7 utilisation factor* 10 trips / day * 183 days*0.7 UF	8*10*183*0.7	10,248.00 persons
(iii).	**Boats during Lean Season:**		
(a).	182 days / Year * 0.7 of utilisation (In terms of days) Attributable to six months	182 days* 0.7	127.00 days
(b).	8 trips/ day* 182 days * 0.7 utilisation (In terms of trips)- Assuming 8 trips/ day and 70% utilisation factor in a year	8*182*0.7	1,019.00 trips
(c).	Assuming 15 persons / trip*8 trips/day*182 days*0.7 UF	15*8*182*0.7	15,288.00 persons
(iv).	**Boats during Busy Season:**		
(a).	183 days / Year * 0.7 of utilisation (In terms of days) Attributable to six months	183 days* 0.7	128.00 days
(b).	10 trips/ day* 183 days * 0.7 utilisation (In terms of trips)- Assuming 10 trips/ day and 70% utilisation factor in a year	10*183*0.7	1,281.00 trips
(c).	Assuming 15 persons / trip* 10 trips/day*183 days*0.7 UF	15*10*183*0.7	19,215.00 persons

(ii). **Capital Cost**:

(a). Feasibility Report has been obtained from M/s.i-maritime Consultancy Pvt. Ltd., Mumbai for the facility planning. The consultancy firm has proposed three alternative plans. Out of the three plans, the second alternative plan for the total cost of ₹33.69 crores which is inclusive of IDC @ 6.75% is considered for the facilities proposed. The cost of pleasure boats was considered based on the average budgetary offers received from two firms. Two types of pleasure boats i.e., two number of Yachts & two number of Medium size boats considered are as given below:

Sl. No.	**Type of vessel**	**Qty considered for deployment**	**Estimate for 2 nos. of Boat and 2 nos. of yacht**
1	Yacht (Small size)	02 Nos.	₹72.50 lakhs
2	Boat (Medium size)	02 Nos.	₹290.00 lakhs
	Total Cost		₹362.50 lakhs

(b). By considering the above, the total cost estimated for the project is worked out as under:

Sl. No.	**Particulars**	**Estimate**
(i).	Project cost as per feasibility report	33.690 crores
(ii).	Cost of Yachts/ Boats	3.625 crores
(iii).	Total cost of the Project	37.315 crores

(iii). The VOCPT has stated that based on the budgetary offer of M/s. i-maritime consultancy Pvt. Ltd, Mumbai, cost of civil works is considered as ₹1,58,35,000 and Cost of Mechanical works and electrical works proposed is ₹1,55,00,000. The break up for the Mechanical & Electrical work cost is given below:

Sl. No.	**Particulars**	**(Amt in ₹)**
I.	**Mechanical Works**	
(a).	Water pump and pipe line	15,00,000.00
(b).	STP Incld Sewage collection tank & pipeline	25,00,000.00
(c).	Fire fighting arrangement incld fire pumps	50,00,000.00
	Total	90,00,000.00
II.	**Electrical Works:**	
	Power distribution system	30,00,000.00
	Lighting system	15,00,000.00
	D.G.Set	20,00,000.00
	Total	65,00,000.00
	Grand Total (I + II)	1,55,00,000.00

(iv). The port has, however, not included the Civil Cost of ₹1.58 crores and ₹1.55 crores toward mechanical and equipment cost for arriving at the proposed reference tariff. Capital Cost including 5% miscellaneous cost finally considered by the port for arriving at the proposed reference tariff for 1 Medium size Boat and 1 small yacht is given below:

Sl. No.	**Particulars**	**Workings**	**(₹ in Lakhs)**
(i).	**Yachts during lean season:**		
	Capital Cost of the project [₹36.25] *1.05 (Misc. Cost) [50% for 6 months] Attributable to lean season		19.03
(ii).	**Yachts during Busy Season (Festive Season):**		
	Capital Cost of the project (₹ Lakhs) [₹36.25] *1.05 (Misc. Cost) [50% for 6 months] Attributable to busy season	36.25*1.05*50%	19.03
(iii).	**Boats during Lean Season:**		
	Capital Cost of the project [₹145] *1.05 (Misc. Cost) [50% for 6 months] Attributable to lean season	145*1.05*50%	76.00
(iv).	**Boats during Busy Season:**		

	Capital Cost of the project [₹145] *1.05 (Misc. Cost) [50% for 6 months] Attributable to busy season	145*1.05*50%	76.00
	Total Capital Cost of 1 no. of Boat and 1 no. of yacht including 5% Miscellaneous Capital Cost		190.06

(v). **Operating Cost:**

(a). Yachts during Lean Season:

Sl. No.	Particulars	Workings	(₹ in Lakhs)
1	Power Cost		-
2	**Fuel Cost**		
(a)	Fuel cost for Yachts (Small size) - Petrol :	1019 Hrs*32.5 ltrs/ Hr * ₹65.04*1No	21.54
3	Repairs & Maintenance cost		
3(a)	7% on total cost of Mech & Elect works (₹36.25 Lakhs)	36.25*7% [For 6 months]	1.27
4	Insurance (1% on capital cost)	38*1%*50%	0.10
5	Depreciation		
5(a)	6.33%on total cost of Mech & Elect Works (₹36.25 Lakhs)	As per norms prescribed in Companies Act	1.15
6	Rent (License Fee)		
(a)	For the Water Front Area - way leave charges	100 sqmtr* ₹362.77 per sqmtr per annum [for 6 months]	0.09
7	Other Expenses	5% of Gross fixed Asset Value [for 6 months]	0.48
		Total (1) to (7)	**24.71***

[These appears to be arithmetical error. It comes to ₹24.63 crores]*

(b). Yachts during Busy Season (Festive Season):

Sl. No.	Particulars	Workings	(₹ in Lakhs)
1	Power Cost		
2	**Fuel Cost**		
(a)	Fuel cost for Yachts (Small size) - Petrol :	1281 Hrs*32.5 ltrs / Hr * ₹65.04*1No	27.08
3	Repairs & Maintenance cost		
(a)	7% on total cost of Mech & Elect works (₹36.25 Lakhs)	36.25*7% [for 6 months]	1.27
4	Insurance (1% on capital cost)	38*1%*50%	0.19
5	Depreciation		
	6.33 % on total cost of Mech & Elect works (₹36.25 Lakhs)	36.25*6.33% [for 6 months] As per norms prescribed in Companies Act	1.15
6	Rent (License Fee)		
(a)	For the Water Front area-way leave charges	100sqmtr* ₹362.77 per sqmtr per annum [for 6 months]	0.09
7	Other Expenses	5% of Gross fixed Asset Value [for 6 months]	0.48
		Total (1) to (7)	**30.34***

[These appears to be arithmetical error. It comes to ₹30.26 crores]*

(c). Boats during Lean Season:

Sl. No.	Particulars	Workings	(₹ in Lakhs)
1	Power Cost		**-**
2	**Fuel Cost**		
(a)	Fuel cost for Boat (Medium size) - Petrol:	1019 Hrs * 88.75 Ltr / Hr * ₹65.04*1No	58.82

3	Repairs & Maintenance cost		
(a)	7 % on total cost of Mech & Elect works (₹145 Lakhs)	145*7% [for 6 months]	5.08
4	Insurance (1% on capital cost)	152*1%*50%	0.76
5	Depreciation		
	6.33 % on total cost of Mech & Elect works (₹145 Lakhs)	145*6.33% [for 6 months] As per norms prescribed in Companies Act	4.59
6	Rent (License Fee)		
	Water Front area	-	-
(a)	For the Water front area - way leave charges	100 sqmtr* ₹362.77 per sqmtr per annum [for 6 months]	0.09
7	Other Expense	5% of Gross fixed Asset Value [for 6 months]	1.90
		Total (1) to (7)	**71.33***

[These appears to be arithmetical error. It comes to ₹71.24 crores]*

(d). Boats during Busy Season:

Sl. No.	**Particulars**	**Workings**	**(₹ in Lakhs)**
1	Power Cost		
2	**Fuel Cost**		
(a)	Fuel cost for Boat (Medium size)- Petrol:	1281Hrs*88.75Ltr/Hr*₹65 .04*1No	73.94
3	Repairs & Maintenance cost		
(a)	7% on total cost of Mech & Elect works (₹145 Lakhs) [for 6 months]	145*7% [for 6 months]	5.08
4	Insurance (1% on capital cost)	152*1%*50%	0.76
5	Depreciation		
	6.33 % on total cost of Mech & Elect works (₹145 Lakhs)	145*6.33% [for 6 months] As per norms prescribed in Companies Act	4.59
6	Rent (License Fee)		
(a)	For the Water front area-way leave charges	100 sqmtr* ₹362.77 per sqmtr per annum [for 6 months]	0.09
7	Other Expense	5% of Gross fixed Asset Value [for 6 months]	1.90
		Total (1) to (7)	**86.45***

[These appears to be arithmetical error. It comes to ₹86.36 crores]*

(e). **Lease Rent**:

The approximate area of 7552 Sq. Mtrs proposed for reclamation to create recreation facilities which comes under commercial category. The marine services to be developed for accommodating the Yachts & Boats may require 100 Sq. Mtrs of facility pontoon only. Hence ₹362.77 per Sq.mtr as per Estate rental of VOCPT for the period 2015-16 is taken for calculating the lease rent for the reclaimed area in which the marine facilities are to be envisaged.

Total area	= 100 Sq.Mtr
Total lease rent	= 100 Sq.Mtr x ₹362.77 per Sq.mtr
	= ₹36,277/- per Annum

The lease rent will be ₹36,277 (Rupees Thirty six thousand two hundred and seventy seven only) per annum towards the license fee for the area occupying by the Yachts and Boats deployed for creating the facilities at the prevailing rate prescribed in the Port's estate Lease rent under commercial category @ ₹362.77 Sq. mtr plus Pension Fund levy @ 6.50%.

(vi). The return on capital employed is estimated at 16% on the Capital Cost.

(vii). Accordingly, the revenue requirement estimated by VOCPT is as follows:
6 months for lean season and 6 months for busy season:

Sl. No.	Particulars	(₹ in Lakhs)
I.	**Yachts during lean season:**	
(i).	ROCE @ 16%	3.05
(ii).	Operating cost	24.71
(iii).	Total Revenue Requirement	**27.76**
II.	**Yachts during Busy Season (Festive Season):**	
(i).	ROCE @ 16%	3.05
(ii).	Operating cost	30.34
(iii).	Total Revenue Requirement	**33.39**
III.	**Boats during Lean Season:**	
(i).	ROCE @ 16%	12.18
(ii).	Operating cost	71.33
(iii).	Total Revenue Requirement	**83.51**
IV.	**Boats during Busy Season:**	
(i).	ROCE @ 16%	12.18
(ii).	Operating cost	86.45
(iii).	Total Revenue Requirement	**98.63**

(viii). (a). Proposed Pleasure Trip Charges for Yacht & Small Boat during lean season: (Tariff / person by assuming 8 trips / day).

Sl. No.	Type of Vessel	Rate Per Person in ₹	Workings
1	Yacht	339	₹27.75 lakhs / 8154 persons
2	Boat (Small Size)	546	₹83.51 lakhs / 15288 persons

(b). Proposed pleasure trip charges for Yacht & small boat services by considering 0.7 utilisation factor during busy season: (Festive season) (Tariff / person by assuming 10 trips/ day).

Sl. No.	Type of vessel	Rate per person in ₹	Workings
1	Yacht	325	₹33.39 lakhs / 10248 persons
2	Boat (Small size)	513.31	₹98.63 lakhs / 19215 persons

Note:
1. The Tariff rate is proposed for pleasure trips from the proposed Marina site for a trip of 1 Hr.
2. No. of trips / day is assumed as 8 trips/ day during lean season and 10 trips/ day during busy (Festive) season.

(ix). **Performance Standards:**

The licensee shall meet the following Performance standards:

Minimum Guaranteed Availability Percentage:

The Licensee shall unconditionally guarantee the Licensor the minimum guaranteed availability to made available each facility envisaged in the Marina project not less than 90% in every month. The availability shall be calculated for the entire facility envisaged in the Marina Project.

5. The VOCPT has submitted the proposed Scale of Rates (SOR), performance standard and Feasibility Report along with its proposal dated 29 September 2016. The VOCPT has also forwarded the list of users and prospective bidders containing 31 users along with address and contact details.

6. In accordance with the consultative procedure prescribed, a copy of the VOCPT proposal dated 29 September 2016 was forwarded to the concerned users and prospective bidders (as forwarded by VOCPT) for their comments. None of the users/ user association/ prospective bidders have furnished their comments except M/s.RAADS Marine, prospective bidder. The comments received from the M/s.RAADS Marine vide its email dated 3 November 2016 was forwarded to VOCPT as feedback information. The VOCPT vide its letter dated 5 December 2016 has furnished its reply on comments of the M/s.RAADS Marine, prospective bidder.

7. A joint hearing in this case was held on 1 November 2016 at the VOCPT premises. The VOCPT made a brief power point presentation of its proposal. At the joint hearing, the VOCPT and the concerned users/ organisation bodies/ prospective bidders have made their submissions.

8.1. As agreed at the joint hearing, the VOCPT was requested vide our letter dated 10 November 2016 to revise its proposal and submit its revised proposal by 8 November 2016 as well as forward it to users / user associations and prospective Bidders to furnish their comments.

8.2. With reference to the first of point of action referred above at para 8.1, the VOCPT has, vide its letter dated 5 December 2016 forwarded its revised proposal which is brought out in subsequent paragraphs.

8.3. With reference to the second of point of action referred above at para 8.1, the VOCPT has, vide its letter dated 21 December 2016 confirmed that the revised proposal has been forwarded to the users/user associations and prospective bidders on 15 December 2016 for their comments with a request to forward the comments to this Authority and VOCPT by 26 December 2016.

9.1. Based on the preliminary scrutiny of the proposal, it was observed that there are certain information gaps / deficiency in the proposal of VOCPT. The VOCPT was, therefore, vide our letter dated 7 November 2016 requested to furnish requisite information / clarification by 11 November 2016.

9.2. The VOCPT has, vide its letter dated 5 December 2016, 28 December 2016 and 2 January 2017 furnished its response to the additional information / clarification sought by us vide our letter dated 7 November 2016. The summary of the additional information / clarification sought by us and reply furnished by the port is tabulated below:

Sl. No.	Additional information / clarification sought by us	Reply furnished by VOCPT
1.	**General**	
(i).	The VOCPT has stated in its proposal that the Board of Trustees of VOCPT accorded approval for the project in reference in the Board Meeting held on 12 July 2016. The VOCPT is, therefore, requested to forward a copy of Board Resolution approving the subject proposal.	Copy of the Board resolution is furnished.
(ii).	(a). As per the Feasibility Report, the project of VOCPT envisages off-shore facilities like pleasure trips, Museum, Floating Resorts and Floating Restaurants at a total capital cost estimated at ₹33.69 crores including 6.75% of Interest During Construction (IDC). It is, however, seen that the said capital cost does not includes capital cost for Pleasure yachts and Boats. Hence, please explain the relevance of the Feasibility Report attached to the proposal.	The feasibility report is attached as per the procedure of TAMP to ascertain the details of project facilities. However, the proposal is for fixing tariff, for the facilities of yachts & boats which are coming under the ambit of TAMP. Hence, the capital cost of pleasure boats & Yachts only are considered.
	(b). It is noted that the VOCPT has sought upfront tariff only for providing pleasure yachts and boats. Please	Based on the TAMP letter No. TAMP/15/2016-VOCPT Dated: 23.02.2016, this Port has sought for fixation of up front tariff only for providing

	indicate the tariff arrangement for the other facilities envisaged in the project.	pleasure trips through yachts and boats. (Annexure-'B'). The tariff for the other facilities will be fixed by the licensee in consultation with the Port authority.
2.	**Optimal capacity:**	
	The VOCPT has, stated that the capacity of Yacht (small size) and Boat (Medium size) is at 8 persons per trip and 15 persons per trip respectively and number of trips is considered at 8 trips/day during lean season and 10 trips/day during busy season and the duration of trip is 1 Hour. The Feasibility Report does not mention about the above parameters considered by VOCPT in the calculation of optimal capacity. Please explain the basis for arriving at the no. of trips, no. of persons and no. of Yacht and Boat.	The no. of persons have been considered based on the budgetary offers. The number of trips and number of Yachts and Boats are decided by the Port based on the project scenario in Tuticorin.
3.	**Capital Cost:**	
(i).	The documentary evidence furnished by the VOCPT in support of capital cost considered for each of the Yacht (small size) and Boat (Medium size) of M/s.Infoship Marine is ₹35 lakhs and ₹150 lakhs respectively and with reference to other budgetary offer of M/s.Mahindra Marine Pvt. Limited is ₹35 lakh to₹40 lakh and ₹130 lakh to ₹150 lakh for each of the Yacht (small size) and Boat (Medium size). However, the VOCPT has considered the capital cost of the Yacht (small size) and Boat (Medium size) at ₹36.25 lakhs and ₹145 lakhs respectively for each of this item. There is slight mismatch in the figures considered by VOCPT. The reasons for slight mismatch in the capex considered by VOCPT may please be explained.	The Average cost of Yachts and Boats have been considered based on the budgetary offers received from 2 firms namely M/s.Infoship Marine & M/s. Mahindra Marine Pvt. Ltd. The average cost calculated is enclosed herewith.
(ii).	The proposal of VOCPT states that marine services to be developed for accommodating Yachts and Boats will require 100 sq. mtr of facility of pontoon only. Further, from page 157 of the Feasibility Report, it is seen that, the project cost includes ₹2.70 crores towards Boat Handling Berthing facility comprising of various civil works relating to Boat Berthing facility. However, the VOCPT has not considered any capital expenditure towards civil and mechanical for the pontoon facility and Boat berthing cost. The reasons for the same may please be explained. If the VOCPT envisages yachts and boats to avail the pontoon facility and boat berthing facility envisaged in the project for embarking / disembarking of passengers, the same falls under list of services in Section 48 of the Major Port Trust Act, 1963 and the ibid Act mandates TAMP to fix tariff for	The Boat Handling Berthing facility as indicated in the feasibility report is a temporary floating structure only. Hence, expenditure towards civil and mechanical for the pontoon facility does not arise. Since, license fee for waterfront area to be occupied by the pontoon facility is considered in the cost statement for fixation of Tariff, separate tariff may not be required for this temporary floating structure. Since, TAMP vide letter dated, 23.02.2016 indicated that, tariff for sailing boats/ small crafts, luxury yachts falls within the ambit of the Authority under Section 48 of the Major Port Trust Act, 1963, capital cost of Yachts and boats alone have been considered for fixation of tariff. In continuation to the earlier reply, it is informed that the Boat Handling facility as indicated in the feasibility report is a temporary floating structure

	the same. The VOCPT may examine its proposal in the light of the above position in the statute and consider to propose tariff for the same.	only. This facility is a common facility for accessing the other facilities envisaged in the project. The water front charge (License fee) for the area to be occupied by the Pontoon is considered in the cost fixation statement for the subject project. The tariff proposal is for fixing the tariff for the boats and yachts only. It is requested that, the proposal to fix the upfront tariff may kindly be considered for sanction under Section 48 & 49 of Major Port Trust Act, 1963.
4.	**Operating Cost:**	
(i).	There are no norms prescribed in the tariff guidelines of 2008 for fixation of upfront tariff for yachts and boats. The VOCPT to, therefore, clarify the basis for estimating the operating cost i.e. repairs and maintenance at 7%, insurance at 1% and other expenses at 5% of the gross value of assets and also justify the adoption of these factors if they are adopted from the norms prescribed in 2008 guidelines.	Since, the Yachts and boats are mechanical equipments envisaged in this project, the factors of repairs and maintenance at 7%, insurance at 1% and other expenses at 5% of the gross value of assets as applicable for the above mechanical equipment as per the TAMP guidelines are considered. The other operating costs are proposed as per the standard norms in the cost statement for fixation of Tariff as per TAMP Guidelines 2008.
(ii).	**Fuel cost:**	
	(a). Explain the basis of considering the fuel consumption for Yacht (small size) at 32.5 ltrs/ Hour and 88.75 ltrs/ Hour for Boat (Medium size).	The fuel consumption of Yacht and Boat have been considered based on the budgetary offers received from 2 firms namely M/s.Infoship Marine & M/s. Mahindra Marine Pvt.
	(b). The VOCPT has considered number of hours as 1019 and 1281 for yachts and boats respectively for estimating fuel cost. From the calculation of optimal capacity, it appears that these figures are number of trips. The VOCPT to examine and indicate the correct position. If these parameters are number of trips, then the VOCPT to confirm that fuel consumption considered at 32.5 ltrs. and 88.75 ltrs. is per trip of yacht and boat respectively.	1 Hour is taken as 1 trip. Fuel consumption for per/ hour & per/ trip are 32.5 ltrs & 88.75 ltrs for yacht and boat respectively. The VOCPT vide its letter dated 28 December 2016 has mentioned that, both the Yachts and Boats are running on Petrol only. The cost of petrol has been considered based on the data down loaded from Indian oil website dated 15 June 2016 as ₹65.04 per liter.
(iii).	**Repairs & Maintenance Cost and Insurance Cost:**	
	The VOCPT has considered the capital cost at ₹36.25 lakhs per Yacht (small size) and ₹145 lakhs per Boat (Medium size) for estimation of Repairs & Maintenance cost and insurance cost instead of estimating these expenses on the total capital cost of ₹38.125 lakhs and ₹152.25 lakhs respectively (which includes 5% miscellaneous capital cost). The VOCPT to modify these estimates in the light of the above observation.	In the revised tariff working, the R&M cost @7% and Insurance cost @ 1% provided on the capital cost of ₹38 lakhs and ₹152 lakhs respectively.
(iv).	**Depreciation:**	
	(a). The VOCPT to confirm whether the depreciation estimated at 6.33% of the capital cost is as per the depreciation rate applicable as per the life norms prescribed in the Companies Act, 2013. Please furnish relevant extract of the	The proposed Yachts and boats are similar to Hovercrafts in operation. Hence, depreciation @ 6.33% as per the Rate Chart as per Companies Act, 2013 is considered in the upfront tariff calculation.

	Companies Act, 2013 considered by the VOCPT for ease of reference.	Copy of the Depreciation Rate Chart as per Companies Act, 2013 is enclosed.
	(b). The VOCPT to modify the estimation of depreciation on total capital cost i.e. ₹38.125 lakhs and ₹152.25 lakhs for yacht and boat respectively instead of ₹36.25 lakhs per Yacht (small size) and ₹145 lakhs per Boat (Medium size) considered by VOCPT	Cost statement for fixation of Tariff application is revised by considering ₹38.125 lakhs and ₹152.25 lakhs for yacht and boat respectively. Revised proposal is submitted.
(v).	**Lease rent (License fees):**	
	(a). The port is requested to confirm that the lease rent estimated for water front area at ₹362.77/sq.mtr/annum is at 50% of the lease rent applicable for the land abutted to the water front area. The VOCPT is also requested to indicate the lease rent as per the lease rent approved by the Authority and lease rent considered by the VOCPT with the working.	It is confirmed that the lease rent estimated for water front area at ₹362.77/sq.mtr/annum is at 50% of the lease rent applicable for the land abutted to the water front area. Copy of VOCPT- SOR is furnished in support thereof.
	(b). The VOCPT has not estimated any lease rent for the land area. The facility proposed by the VOCPT will involve embarking / disembarking of passengers from pleasure yachts and boats. Hence, the VOCPT may consider to include relevant capital cost and operating cost as well while seeking upfront tariff approval from TAMP.	The lease rent for the land area to be developed for the on- shore recreation facility is considered in the tender document. The tariff fixation for the other facilities except yachts and boats, viz., Musium, Floating Restaurant and shopping malls, the TAMP instructed vide letter dated- 23.02.2016, the Port may levy relevant license fee for land area and water front area. Hence, the proposal was submitted for fixation of tariff for yachts and small boats.
(vi).	**Proposed SOR:**	
	(a). The basis for defining the term "Trip" as service through yachts / boats for 1 hour to be explained.	Trips may be considered in multiple of Hours for the service through yachts / boats as incorporated in 2.1 (v) of SOR.
	(b). The general note that users shall not be required to pay charges for delays beyond a reasonable level attributable to the Marine operator which is uniformly prescribed in the SOR of all Major Ports and also in Upfront tariff fixation needs to be incorporated in the proposed SOR.	Incorporated in the revised proposal in 2.2 (v).
	(c). The proposed SOR does not prescribe some of the general conditions like status of vessel as borne out in the certification to be the deciding factor whether vessel is foreign-going or coastal, system of classification of vessel as foreign-going or coastal. The VOCPT is requested to clarify the reasons for not incorporating these general conditions.	Since it is not relevant to this proposal, the same may be admitted by the Authority.
	(d). A general note governing application of Wholesale Price Index (WPI) based indexation factor needs to be prescribed in the proposed draft Scale of Rates.	Wholesale Price Index (WPI) based on indexation factor is prescribed in the proposed draft Scale of Rates.
	(e). (i). The type of vessel mentioned in the proposed SOR is Yacht and Boat (Small size) as against Yacht (Small size) and Boat (Medium size) considered in the proposal. The VOCPT is,	Incorporated in the revised proposal at Sl.No- (iv) & (vi).

	therefore, requested to correct the SOR as Yacht (Small size) and Boat (Medium size) for which upfront tariff calculation is done by the VOCPT. (ii). Definitions for "Yacht (Small size)" and "Boat (Medium size)" may be proposed.	 Incorporated in the revised proposal at Sl.No-(iv) & (vi).

9.3. As stated earlier, the VOCPT has, while furnishing information/ clarifications, vide its letter dated 5 December 2016 forwarded its revised proposal. Subsequently, the VOCPT has, vide its email dated 6 January 2017, clarified that 70% of the optimal capacity is assumed to be operated in Busy Season and 30% will be in Lean season. The main modifications made by the VOCPT in its revised proposal are as under:

(i). (a). For assessing the optimal capacity, port has considered 8 trips/ day for both lean and busy seasons instead of 8 trips per day during lean season and 10 trips per day during busy season.

(b). The optimal capacity and revenue requirement is assessed for the 365 days with 70% optimal utilisation factor as per norms prescribed. The tariff arrived to meet the estimated revenue requirement for the optimal capacity assessed for cach boat and yacht is proposed as reference tariff for busy season. 60% thereof is assessed as tariff for lean season, so that the tariff during busy season becomes higher than the tariff proposed for lean season.

(c). Repairs and Maintenance and depreciation is estimated on total capital cost including Miscellaneous.

(ii). The port has furnished revised cost statement. The revised optimal capacity, operating cost, revenue requirement and proposed tariff is given below:

(a). Reference Tariff for Yacht:

(₹ in Lakhs)

Cost statement for fixation of Tariff for Yachts			
Sl. No.	**Particulars**	**Workings**	**Estimates**
I	**Optimal Utilisation**		
	Optimal utilisation as per Feasibility Report		
(a)	365 days / Year * 0.7 of utilisation (In terms of days)	365 days* 0.7	256
(b)	8 trips/ day* 365 days * 0.7 utilisation (In terms of trips)- Assuming 8 trips/ day and 70% Utilisation Factor	8*365*0.7	2,044
(c)	Assuming 8 persons/ trip*8 trips/day*365 days*0.7 UF	8*8*365*0.7	16,352
(d)	Optimal Capacity of passengers by yacht (in persons)		16,352
II	**Capital Cost of Yacht (₹ Lakhs) [₹36.25] Miscellaneous Cost 5%**		38.00
III	**Operating cost**		
1	**Power Cost**		
2	**Fuel Cost**		
(a)	Fuel cost for Yachts (Small size) - Petrol :	2044 Hrs*32.5 ltrs/Hr*₹65.04* 1No	43.21
3	Repairs & Maintenance cost		
(a)	7% on total cost of Mech & Elect works (₹38 Lakhs)	38*7%	2.66
4	Insurance (1% on capital cost)	38*1%	0.38
5	Depreciation	As per norms prescribed in Companies Act	
(a)	6.33% on total cost of Mech & Elect works (₹38 Lakhs)	38*6.33%	2.41

6	Rent (License Fee)		
(a)	For the Water Front area - way leave charges	25 sqmtr* ₹362.77 per sqmtr per annum	0.05
7	Other Expenses	5% of Gross fixed Asset Value	1.90
	Total (1) to (7)		**50.60**
IV	**ROCE**	16% on capital cost	**6.09**
V	**Annual Revenue Requirement**		**56.69**
	Tariff per trip		**3152**
	Tariff per person (Busy)		**394**
	Tariff per person (Lean) [60% of above]		**236**

Workings for proposed rate:

Optimal Capacity	16352
Optimal Capacity in Busy season @ 70%	11446
Optimal Capacity in Lean season @ 30%	4906
Annual Revenue Requirement (ARR) (₹ in lakhs)	56.69
Proposed tariff per Passenger in Busy season (in Rupees) after capturing 40% concessional tariff for lean season 11446 X + (4906 * 60% X) = ₹ 56.69 lakhs 14390 X = ₹ 56.69 lakhs X (Busy season) = ₹ 56.69 lakhs / 14390 = ₹ 394 per passenger per trip	394
Proposed tariff per Passenger in Lean season (in Rupees) (₹ 394/- * 60%)	236

(b). Reference Tariff for calculation for of Boat:

(₹ in Lakhs)

Cost statement for fixation of Tariff for Boats			
S.No.	**Particulars**	**Workings**	**Estimates**
I	**Optimal Utilisation**		
	Optimal utilisation as per Feasibility Report		
(a)	365 days / Year * 0.7 of utilisation (In terms of days)	365 days* 0.7	256
(b)	8 trips/ day* 365 days * 0.7 utilisation (In terms of trips) - Assuming 8 trips/ day and 70% utilisation factor	8*365*0.7	2,044
(c)	Assuming 15 persons / trip*8 trips/day*365 days*0.7 utilisation factor	15*8*365*0.7	30,660
(d)	Optimal Capacity of passengers by Boat (In Persons)		30,660
II	**Capital Cost of the project (₹ Lakhs) [₹145 Lakhs + Miscellaneous Cost 5%]**	145*1.05	152.25
III	**Operating cost**		
1	**Power Cost**		
2	**Fuel Cost**		
(a)	Fuel cost for Petrol operated Boat (Medium size):	2044 Hrs*88.75Ltr/Hr *₹65.04* 1No	117.99
3	Repairs & Maintenance cost		
(a)	7% on total cost of Mech & Elect works (₹152 Lakhs)	152*7%	10.66
4	Insurance (1% on capital cost)	152*1%	1.52
5	Depreciation	As per norms prescribed in Companies Act	
(a)	6.33% on total cost of Mech & Elect works (₹152 Lakhs)	152*6.33%	9.64
6	Rent (License Fee)		
(a)	For the Water Front area - way leave charges	25 sqmtr* ₹362.77 per sqmtr per annum	0.09

7	Other Expenses	5% of Gross fixed Asset Value	7.61
	Total (1) to (7)		**147.51**
IV	**ROCE**	16% on capital cost	**24.36**
V	**Annual Revenue Requirement**		**171.87**
	Tariff per trip		**9,555**
	Tariff per person (Busy)		**637**
	Tariff per person (Lean) [60% of above]		**382**

Workings for proposed rate:

Optimal Capacity	30660
Optimal Capacity in Busy season @ 70%	21462
Optimal Capacity in Lean season @ 30%	9198
Effective Optimal capacity in Busy Season	21462
Effective Optimal capacity in Lean Season @ 60% (9198*60%)	5519
Total Effective Optimal Capacity	26981
Annual Revenue Requirement (ARR) (₹ in lakhs)	171.87
Proposed tariff per Passenger in Busy season (in Rupees) after capturing 40% concessional tariff for lean season 21462 X + (9198 * 60% X) = ₹ 171.87 lakhs 26981 X = ₹ 171.87 lakhs X (Busy season) = ₹ 171.87 lakhs / 26981 = ₹ 637 per passenger per trip	637
Proposed tariff per Passenger in Lean season (in Rupees) (₹ 637/- * 60%)	382

(iii). (a). Proposed Pleasure Trip Charges for Yacht & Small Boat Services during lean season (Tariff / person by assuming 8 trips/ day).

Sl. No.	Type of Vessel	Rate Per Person (In ₹)
1	Yacht	236
2	Boat (Small Size)	382

(b). Proposed pleasure trip charges for Yacht & small boat services during busy season: (Festive season) (Tariff/ person by assuming 10 trips/ day).

Sl. No.	Type of vessel	Rate per person (In ₹)
1	Yacht	394
2	Boat (Small size)	637

Note:

1. The Tariff rate for pleasure trips from the proposed Marina site is for a trip of multiple of Hr.
2. No of trips / day is assumed as 8 trips / day for both Lean and Busy (Festive) season.

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 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 the information collected during the processing of the case, the following position emerges:

(i). The proposal of V.O. Chidambaranar Port Trust (VOCPT) is to fix reference tariff for Pleasure Yacht and Boat as part of development of Marina on license basis for a period of 10 years on revenue share mode at VOCPT. The port has proposed development of a Marina at Tuticorin on license basis to develop Tuticorin area as a tourism centre by creating recreation facilities for the general public, port employees, national and international tourists. This facility is envisaged to enhance effective use of the waterfront in possession of the Port and expected to have socio-economic impacts on the hinterland by employment generation directly and indirectly. The physical features envisaged in this project include boat handling berth, facility Pontoon, fixed Pontoon for Museum, Restaurant and Shopping arcade, Museum – Pota cabin system with hall, display and control office, Artifacts, Shopping arcade – Pota cabin with air conditioned system, Multi cuisine Restaurant, Floating resort, Walkway pontoon, Yacht (small size) – 2 nos., Boat (medium size) – 2 nos., power distribution system, misc. items. This is the minimum facility for marina. Else it will not look like Marina. Tender is for comprehensive purposes. Licensee should create all basic facilities envisaged in the project. The proposal of VOCPT is limited to fixation of reference tariff for Yacht (Small Size) and Boat (Medium size) to be offered by the licensee at a capital cost of ₹3.63 crores.

(ii). Before proceeding ahead with analysis of the subject proposal, it is relevant here to state that the VOCPT proposes to collect license fee for land and for water area in respect of other facilities envisaged by the VOCPT for development of Marina as tariff fixation of those items do not fall under the ambit of this Authority. It is seen that from the proposal of VOCPT that for accommodating Boat and Pleasure Yacht a 100 sq. mtrs. pontoon facility is also envisaged. The Feasibility Report for the projects envisages capital cost of ₹2.70 crores towards Boat handling facility but the port has not sought tariff for Boat handling facility. It was, therefore, specifically brought to the notice of the VOCPT that if the VOCPT envisages yachts and boats to avail the pontoon facility and boat berthing facility envisaged in the project for embarking / disembarking of passengers, the same falls under list of services in Section 48 of the Major Port Trust Act, 1963 and the ibid Act mandates this Authority to fix tariff for the same. The VOCPT was, therefore, requested to examine its proposal in the light of the above position in the statute and consider to propose tariff for the same.

In this context, the VOCPT has clarified that the Boat Handling Berthing facility, as indicated in the feasibility report, is a temporary floating structure only. Hence, expenditure towards civil and mechanical for the pontoon facility does not arise.

Since, license fee for waterfront area to be occupied by the pontoon facility is considered in the cost statement for fixation of Tariff, the VOCPT has taken a stand that tariff may not be required for this temporary floating structure.

The VOCPT has reiterated that the Boat Handling facility as indicated in the feasibility report is a temporary floating structure only and the facility is a common facility for accessing the other facilities envisaged in the project.

The water front charge (License fee) for the area to be occupied by the Pontoon is already considered in the tariff fixation statement while arriving at reference for Yacht and Boat. Hence, port has reiterated that tariff proposal is limited for fixing the tariff for the boats and yachts only.

In view of the above categorical position maintained by the VOCPT, this Authority decides to go ahead and fix reference tariff for Pleasure Yacht and Boat as sought by the VOCPT. At one place when sought what will be tariff arrangement for other facilities envisaged for development of Marina for which the port has not sought reference tariff, the port has clarified that tariff for other facilities will be fixed by the Licensee in consultation with the port. In this regard, it is to state the mandate of this Authority is to determine the tariff for list of services stipulated in Section 48 of the Major Port Trusts Act, 1963 and for properties belonging to, in possession of and occupation of the Major Port Trust for purposes specified in the Section 49 of the Major Port Trusts Act, 1963. The VOCPT has categorically stated it will collect license fee for land and water area in respect of other land to be allotted and water area allowed to be used for this project.

(iii). It can be seen from the factual position brought out in the earlier paragraphs that the original proposal filed by VOCPT dated 28 September 2016 has been revised by the port filed under cover of its letter dated 5 December 2016. The VOCPT has responded to the additional information/ clarifications sought vide our letter dated 7 November 2016, vide its letters dated 5 December 2016, 28 December 2016 and the last one received vide its letter dated 2 January 2017. The revised proposal filed by VOCPT dated 5 December 2016 along with the information/ clarification furnished by VOCPT during the processing of the case in reference are considered in this analysis.

(iv). (a). Clause 2.4 of the tariff guidelines of 2013 stipulates that if in the view of the Major Port Trust, the tariff determined for a particular commodity under 2008 guidelines at that Major Port Trust or any other Major Port Trust is not a representative Reference Tariff for that commodity, then the Major Port is free to approach this Authority with a proposal to fix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification.

This Authority has not fixed upfront tariff under the tariff guidelines of 2008 in any other Major Port Trust for similar facility viz., Pleasure Yacht and Boat for want of proposal from any other Major Port Trust. Hence, there is no upfront tariff/ reference tariff available for VOCPT for adoption. The VOCPT has filed the proposal seeking reference tariff for Pleasure Yacht and Boat following principles of 2008 guidelines. The proposal of the VOCPT has the approval of its Board of Trustees.

(b). On perusing the Feasibility Report for development of Marina, it is seen that capital cost estimated at ₹33.69 crores including interest during Construction period does not include capital cost of Pleasure Yacht and Boat for which VOCPT has approached this Authority seeking reference tariff. When pointed this out, the VOCPT has made a general comment that Feasibility Report was furnished as per the usual procedure to ascertain the details of the project. The Feasibility Report furnished by VOCPT does not serve any purpose for fixation of reference tariff sought by VOCPT as it does not include these two items. However, since the VOCPT has approached this Authority seeking reference tariff for Pleasure Yacht and Boat and proposal is approved by its Board, this Authority is statutorily mandated to provide reference tariff to the port.

(v). Before proceeding ahead with analysis of this case, it is relevant here to state that the tariff guidelines of 2008 for upfront tariff fixation prescribe norms/ guidelines for dedicated facilities such as coal, iron ore, container, liquid handling terminal and for multipurpose cargo berth. The guidelines of 2008 for upfront tariff fixation do not prescribe any exclusive norms / guidelines for fixation of upfront tariff for pleasure trip charges for yachts and boats envisaged by the port in this project.

The port has estimated the optimal capacity of Pleasure Yachts and Boats based on number of trips, number of passenger/ trip and adopting 70% utilisation norm prescribed in 2008 guidelines. The operating cost like Repairs & Maintenance Cost is estimated at 7% of the gross value of assets, insurance at 1% and other expenses at 5% on capital cost prescribed adopting the norms prescribed in the 2008 guidelines for iron ore terminal and coal terminal. The yachts and boats are mechanical equipment and hence the norms prescribed for mechanical equipment in the tariff guidelines of 2008 are adopted. None of the prospective bidders / users have made any adverse remark on the approach adopted by the VOCPT. For multipurpose berth, the norms prescribe 5% of gross value whereas for coal and iron ore terminal it is 7%. Recognising that pleasure yacht and boat will be operating in water throughout, it cannot be denied that repairs and maintenance will be on the higher side. In the absence of any specific norms prescribed in the 2008 guidelines and keeping in view that none of the users/ user associations/ prospective bidders have advanced objections, the approach adopted by VOCPT of adopting the norms prescribed in the 2008 upfront tariff guidelines for iron ore and coal terminal for estimating the above three items of operating cost is relied upon. It is noted that though the port envisages deployment of two Yachts (small size) and two Boats (medium size), for the purpose of reference tariff calculation the port has taken one each in the capital cost, operating cost and ARR.

(vi). Optimal Capacity:

The VOCPT in its original proposal had assessed the optimal capacity for Yacht and Boat separately for two seasons viz., lean season (October to March) and busy season (April to September) of 182 days and 183 days respectively. The annual optimal capacity assessed by the VOCPT for this project in its original proposal dated 29 September 2016 is 10248 passenger trips during busy season plus 8154 passenger trips during lean season aggregating to 18402 passenger trips per annum. For yacht, the port had assessed 19215 passenger trips during busy season and 15288 passenger trips during lean season aggregating to 34503 passenger trips. For assessing the optimal capacity, the VOCPT has stated that the optimal capacity is assessed as per the Feasibility report. However, the Feasibility report does not specify any optimal capacity calculations for the subject facility of VOCPT i.e., pleasure trip to Yacht and Boat. Subsequently, in the revised proposal, the VOCPT has assessed the optimal capacity for each Pleasure Yacht and Boat for the entire year, without segregating the capacity for busy season and lean season.

In the final revised proposal, the annual optimal capacity for yacht is assessed at 16,352 passenger trips per annum and 30,660 passenger trips for boat based on the modified parameters as discussed in the following paragraphs.

(a). Optimal Capacity of Yacht (small size) for pleasure trips:

The VOCPT has considered handling capacity of yacht at 8 persons per trip which is reported to be as per the budgetary offer and decided by the port based on the project scenario. The number of trips is considered by VOCPT is 8 trips/ day considering duration of trip as 1 hour.

One of the prospective bidders has requested to consider minimum 2 hours for a trip instead of one trip. The port has, however, retained duration of 1 trip for one boat and stated that trips can be in multiple of hours. For fixation of tariff duration of trip is considered one hour. The port has stated that both the parameters viz., handling capacity of yacht per yacht and number of trips/ day is decided by the port based on the project scenario. Considering the above two parameters and applying it for 365 days and at 70% optimal capacity utilisation factor, the port has assessed the optimal capacity of pleasure yacht at 16,352 passengers/ annum i.e. (8 trips/ day x 8 passengers/ trip x 365 days x 70%).

In the absence of any norms for such facility in 2008 guidelines, the optimal capacity of 1 yacht (small size) assessed at 16,352 passengers by the VOCPT is considered relying on the optimal capacity assessed by the port.

(b). Optimal Capacity of Boat (medium size) for pleasure trips:

The VOCPT has considered handling capacity of Boat at 15 persons per trip and has considered number of trips at 8 per day as considered for Yacht. As stated earlier, the VOCPT has clarified that the number of persons has been considered based on the budgetary offers and further supported that the two parameters adopted are decided by the port based on the project scenario. The annual optimal capacity of Boat assessed by VOCPT is 30,660 passengers i.e. (8 trips/ day x 10 persons/ trip x 365 days x 70%).

The optimal capacity of 1 Boat (medium size) assessed at 30,660 passengers by the VOCPT is relied upon and considered in the absence of any norms for this facility in 2008 guidelines.

(vii). Capital Cost:

(a). As stated earlier, the feasibility report does not specify any thing about the capital cost of Yachts and Boats. The VOCPT has estimated capital cost of

2 nos. Yachts (small size) at ₹72.50 lakhs i.e. ₹36.25 lakhs per yacht and 2 Nos. of Boats (medium size) at ₹290.00 lakhs i.e. ₹145.00 lakhs per boat. For the purpose of arriving at reference tariff, the VOCPT has considered the capital cost of one yacht and one small boat at ₹36.25 lakhs and ₹145.00 lakhs respectively.

(b). The capital cost of Yacht (small size) and Boat (medium size) has been considered by the VOCPT based on the average of the budgetary offers received by it from two firms and is supported with copies of budgetary offers.

Though there are no norms specified for the facility envisaged, the tariff guidelines of 2008 in general require this Authority to consider the estimates as given by the port. The capital cost of Yacht and Boat which is based on the average of the budgetary offers as estimated by the VOCPT is relied upon.

As stated earlier, the port has not estimated any civil works for the proposed facility while seeking reference tariff which is proposed to be accepted in view of the reasons cited by the port. Hence, the total capital cost as estimated by the VOCPT is relied upon in the analysis.

(c). The tariff guidelines of 2008, prescribe a norm for estimating miscellaneous capital cost at 5% of the capital cost. Adopting the said norm, VOCPT has estimated miscellaneous capital cost of ₹1.81 lakhs and ₹7.25 lakhs. The total capital cost of yacht is ₹38.06 lakhs and for small boat it is ₹152.25 lakhs including miscellaneous capital cost which is considered as estimated by VOCPT.

(viii). The VOCPT has calculated the return on capital employed at 16% of the estimated capital cost, as prescribed in the guidelines.

(ix). Operating cost:

The operating cost estimated by the VOCPT is discussed as hereunder:

(a). Power cost:

The VOCPT had estimated the fuel consumption at 32.5 ltrs per hour for Yacht (small size) and 88.75 ltr per hour for Boat (medium size) based on the budgetary offers received from two firms. As stated earlier, there are no norms prescribed in 2008 guidelines for the facility proposed by the VOCPT. The fuel consumption considered by the VOCPT based on the budgetary offers is, therefore, relied upon and considered in the analysis.

While estimating the fuel cost, the VOCPT has considered the unit rate of fuel at ₹65.04 per litre. The port has clarified that both yacht and boats are envisaged to run on petrol only and has confirmed that the cost of petrol has been considered based on the data downloaded from Indian Oil Corporation Website on 15 June 2016. In our analysis, the cost of petrol is updated to the prevailing rate of ₹70.07 per litre at the time of concluding the analysis in this case.

In the light of the above analysis, the total power cost works out to ₹46.55 lakhs as against ₹43.21 lakhs in respect of Yacht and ₹127.11 lakhs as against ₹117.99 lakhs in respect of Boat estimated by the VOCPT.

(b). As stated earlier, the VOCPT has estimated Repairs and maintenance at 7% on yacht and boat adopting the norm prescribed for mechanical equipment for coal and iron ore terminal. For the reasons stated earlier, in the absence of any specific norms for the facility, the estimates of repairs and maintenance cost, considered by the VOCPT is relied upon and considered in the analysis.

(c). Insurance cost is estimated at 1% of the gross fixed assets and other expenses are estimated at 5% of the gross value of fixed assets by VOCPT, adopting the norms prescribed for coal and iron ore berth is also accepted.

(d). Depreciation, as per the guidelines, should be calculated following the depreciation rates as per Straight Line Method (SLM) prescribed in the Companies Act. The VOCPT has calculated depreciation @ 6.33%. The port has stated that the proposed yacht and boats are similar to Hovercrafts in operation for which the depreciation rate as per the Companies Act, 2013 is 6.33%. Relying upon the clarification furnished by the VOCPT, the deprecation is considered as estimated by the VOCPT.

(e). (i). The guidelines for upfront tariff fixation stipulate that licence fee for port land is to be estimated based on the rates prescribed in the Scale of Rates of the respective Major Port Trusts.

(ii). The port has estimated licence fee for water area of 25 sq. mtr. each for Yacht and Boat. The VOCPT has adopted the unit rate of licence fee of land at ₹362.76 per sq. mtr./ annum as per the rates applicable as per the prevailing Scale of Rates and considered 50% thereof as per the revised land policy guidelines as it is for the water front area while estimating license fee for Yacht. However, while estimating license fee for boat, the VOCPT has not applied 50% of ₹362.76 per sq. mtr./ annum. Following the approach adopted by VOCPT for Yacht, license fee estimated by VOCPT for Boat is modified by us considering 50% of ₹362.76 per sq. mtr./ annum for estimating license fee for water area for Boat.

(iii). As stated earlier, despite specific advice to consider capital cost and operating cost for facility envisaged for embarking and disembarking of passengers, and propose reference tariff for the same, the port has maintained its stand that for land area proposed to be developed on-shore, VOCPT has included lease rent in the tender document. The port has stated that Boat handling Berthing facility is a temporary floating structure and is common for all marine facilities envisaged in the project and does not fall under the ambit of this Authority.

(f). The total operating cost based on the above analysis works out to ₹53.95 lakhs as against ₹50.60 lakhs estimated by VOCPT for Yacht and ₹156.59 lakhs as against ₹147.51 lakhs for Boat estimated by the VOCPT. The modification in the operating cost is on account of modified unit rate of power for both Yacht and Boat and unit rate of license fee for Boat considered by us for reasons stated in the preceding paragraphs.

(x). The cost statement for fixing Reference tariff submitted by VOCPT is modified in line with the above analysis. A copy of the statement is attached as **Annex - I (a) and I (b)**.

(a). **<u>Yacht (small size) Service:</u>**

(i). The Annual Revenue Requirement (ARR) for the Yacht service which is the sum of the operating cost and return on capital employed works out to ₹60.04 lakhs instead of ₹56.69 lakhs estimated by port.

(ii). The VOCPT has stated that the scope of work is limited to pleasure trips though Yacht. Hence, the passenger pleasure trips through the above operation does not attract storage activity. Therefore, the port has envisaged recovery of the entire assessed ARR from the optimal capacity assessed for Yacht by way of one tariff item only i.e., tariff for pleasure trip by Yacht.

(iii). For arriving at the proposed rate, the VOCPT has apportioned 70% of the total optimal capacity towards passenger services in busy season and 30% towards in lean season. The port has proposed the rate for lean season at 60% of the rate arrived for busy season and the impact of concession proposed in tariff for lean reason is captured while arriving at the proposed rate of ₹394/- per person/ trip during busy season and ₹236/- per person/ trip during lean season in respect of Yacht. Following the approach adopted by the VOCPT, the tariff for the modified ARR works out to ₹417/- per passenger trip for busy season and ₹250/- per passenger trip for lean season in respect of Yacht per passenger trip.

(b). **Boat (medium size):**

(i). The ARR for the Boat (medium size) service which is the sum of the operating cost and return on capital employed works out to ₹180.95 lakhs as against ₹171.87 lakhs estimated by port.

(ii). The VOCPT has stated that the scope of work is limited to pleasure trips through Boat. It does not involve storage activity. Therefore, the port has envisaged recovery of the entire assessed ARR from the optimal capacity assessed for Boat by way of one tariff item only i.e. tariff for pleasure trip by Boat (medium size).

(iii). Following the approach adopted for arriving at the reference tariff for yacht, the port has arrived at reference tariff for Boat at ₹637/- per person/ trip for busy season and ₹382/- per person/ trip for lean season.

Following the same approach as adopted by VOCPT, the tariff in view of modified ARR is worked out at ₹671/- per person/ trip for busy season and ₹403/- per person/ trip for lean season for Boat.

(xi). One of the prospective bidders M/s. RAADS Marine has requested that the capital cost should consider single bedroom Yacht which costs ₹130 lakhs to ₹200 lakhs and pre-owned boat in the range of ₹25 lakhs to ₹1 crore. Further, they have requested to consider 4 trips/ day during lean season and 6 trips/ day during busy season considering 2 hours/ trip for anchorage and cruising. The VOCPT in the revised proposal has arrived at the total optimal capacity of Boat and Yacht and considered uniform trips of 8 trips/ day for Yacht and 10 trips/ day for Boat for assessing the annual optimal capacity which is relied upon. The port has reiterated its proposal of 1 hour/ trip. Out of 16.80 hours at 70% utilisation available in a day, more than 8 hours are available for anchoring after cruising time of 8 hours. As regards capital cost the port has maintained its capital cost which is reported to be based on the budgetary offers.

The statement made by VOCPT that the operator can have any number of trips and any number of passengers contradict the port's own statement where the port has stated that number of persons have been considered in tariff computation based on budgetary offers and number of trips of Yacht and Boat considered in tariff computation are as decided by the port based on project scenario in Tuticorin. The VOCPT has proposed reference tariff considering specified parameters of trips for optimal capacity assessed at 16,352 passengers for Yacht and 30,660 passengers for boat. Hence, the tariff to be approved is for that assessed optimal capacity. The optimal capacity as assessed by VOCPT is considered because there are no norms available as such to assess the optimal capacity for such a facility in 2008 guidelines.

(xii). The proposed Scale of Rates does not prescribe the standard general conditions relating to status of vessel as borne out by certification is the deciding factor whether vessel is foreign going/ coastal criteria for classification of vessel as coastal or foreign for the purpose of levy of vessel related and cargo related charges. Since the current proposal seeks reference tariff for pleasure trips of one hour within the port area, as rightly stated by the port, the said general conditions which are relevant for vessel related charges and cargo related charges are not relevant for fixation of charges for pleasure trips of 1 hour in port area.

(xiii). The VOCPT, in its original proposal, had not proposed a general note relating to indexation factor for automatic annual adjustment in the reference tariff every year giving the base WPI occurring between January and relevant year to be considered for such indexation. On being pointed out, the VOCPT has stated that the relevant clause is prescribed in the revised proposed draft scale of rates. However, the relevant clause is not incorporated by the VOCPT in the revised proposed draft SOR. Since the cost estimates considered in the reference tariff calculation are based on the capital cost and operating cost linked to the capital cost pertaining to the year 2016, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2016. Thus, accordingly, the note in this regard is incorporated in the reference tariff schedule.

(xiv). Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards. Though the revised guidelines of 2013 do not require this Authority to go into the Performance Standards proposed by the port, it is not unreasonable to assume that the ports would propose reasonable and achievable Performance Standards. The port has proposed that the licensee shall unconditionally guarantee licensor the minimum guaranteed availability to make available each facility envisaged in the Marina project not less than 90% in every month and that the availability shall be calculated for the entire facility envisaged in the Marina project.

Since the reference tariff sought by VOCPT is limited to Yacht and Boat, the proposal of VOCPT for prescription of Performance Standards for the entire facility envisaged for Marina Project will be a mismatch. That being so, the proposed Performance Standard is modified to state that Licensee shall unconditionally guarantee minimum availability of each item viz., Yacht (small size) and Boat (medium) not less than 90% in every month. The availability shall be calculated for each item viz., Yacht (small size) and Boat (medium size).

(xv). (a). If there is any error apparent on the face of record considered or for any other justifiable reasons, the VOCPT may approach this Authority for review of the reference tariff fixed, prior to completion for bidding process of the project, giving adequate justification / reasoning within 30 days from the date of notification of the Order in the Gazette of India.

(b). If any services covered under the project fall under services listed under Section 48 of the Major Port Trusts Act, 1963, and require approval of this Authority, the VOCPT may file a proposal prior to the bidding process.

12.1. Subject to above analysis, the Reference Tariff Schedule and the Performance Standards as proposed by the port are attached as **Annex – II** and **Annex - III** respectively.

12.2. In the result, and for the reasons given above, and based on application of mind, this Authority approves the proposal of VOCPT seeking Reference Tariff Schedule along with Performance Standards for Yacht and Boat for Development of Marina for a period of 10 years on License basis at VOCPT.

13.1. As per clause 2.5 of the Revised Tariff Guidelines 2013, the Reference Tariff and Performance Standards notified by this Authority shall be mentioned in the bid document and subsequently in the Concession Agreement. Accordingly, the VOCPT is advised to incorporate the Reference Tariff and Performance Standards, in the bid document and subsequently in the Licence Agreement.

13.2. From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Reference Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in para 2.2 of the tariff guidelines of 2013 which will be applicable for the entire licence period.

However, the Licensee would be free to propose a tariff along with Performance Standards (the "Performance Linked Tariff") from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90 days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

13.3. The proposal shall be submitted to TAMP along with a certificate from the independent engineer appointed under the Licence Agreement of the Project indicating the achievement of Performance Standards in the previous 12 months as incorporated in the Licence Agreement or for the actual number of months of operation in the first year of operation as the case may be.

13.4. On receipt of the proposal, TAMP will seek the views of the Major Port Trust on the achievement of Performance Standards as outlined in para 5 of the tariff guidelines of 2013, within 7 days of receipt.

13.5. In the event of Licensee not achieving the Performance Standards as incorporated in the Licence Agreement in previous 12 months, TAMP will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

13.6. After considering the views of the Major Port Trust, if TAMP is satisfied that the Performance Standards as incorporated in the Licence Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.

13.7. While considering the proposal for Performance Linked Tariff, TAMP will look into the Performance Standards and its adherence by the Licensee. TAMP will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the Licensee. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013.

13.8. From the third year of operation, the Performance Linked Tariff proposal from the Licensee shall be automatically notified by TAMP subject to the achievement of Performance Standards in the previous 12 months period as certified by the Independent Engineer. The Licensee, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and TAMP shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

13.9. As stipulated in Clause 6.2 of the revised 2013 guidelines, in the event any user has any grievance regarding non-achievement by the Licensee of the Performance Standards as notified by this Authority, he may prefer a representation to this Authority which, thereafter, shall conduct an inquiry into the representation and give its finding to the VOCPT. The VOCPT will be bound to take necessary action on the findings as per the provisions of the respective Licence Agreement.

13.10. As stipulated in Clause 6.3.1 of the revised 2013 guidelines, within 15 (fifteen) days of the signing of the Licence Agreement, the concerned operator will forward the Licence Agreement to this Authority which will host it on its website.

13.11. As stipulated in clause 6.3.2 of the revised 2013 guidelines, the Licensee shall furnish to this Authority quarterly reports on cargo traffic, ship berth day output as well as the tariff realized for each berth. The quarterly reports shall be submitted by the PPP operator within a month following the end of each quarter. Any other information which is required by this Authority shall also be furnished to them from time to time.

13.12. As stipulated in clause 6.3.3 of the revised 2013 guidelines, this Authority shall publish on its website all such information received from PPP operator. However, this Authority shall consider a request from the Licensee about not publishing certain data/ information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation of upon publication. This Authority's decision in this regard would be final.

13.13. As per clause 3.8.5 of the guidelines, if any question arises requiring clarifications or interpretation of the Scale of Rates and the statement of conditionalities, the matter shall be referred to this Authority and its decision in this regard will be binding on the operator.

13.14. The performance norms for the project should be clearly brought out in the bid documents. The Licensee is expected to perform at least at the performance norms brought out in the bid document/ Licence agreement.

13.15. The actual performance of the Licensee will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority will enquire into such allegation and forward its findings to the VOCPT. If any action is to be taken against the operator, the VOCPT shall initiate appropriate action in accordance with the provisions of the relevant Licence Agreement.

(T.S. Balasubramanian)
Member (Finance)

Annex - I (a)

COST STATEMENT FOR FIXATION OF REFERENCE TARIFF FOR YACHT (SMALL SIZE) ON LICENSE BASIS FOR A PERIOD OF 10 YEARS MODE AT V. O. CHIDAMBARANAR PORT TRUST

(Rs. In Lakhs)

Sr. No.	Particulars	Estimates by VOCPT in its revised proposal dated 05.12.2016 (full year)	As considered by TAMP (full year)
I	**Optimal capacity**		
	Handling capacity of a yacht (small size):		
(i).	No. of Trips estimated **(Trips/day)**	8	8
(ii).	Handling capacity of Yatch **(persons/trip)**	8	8
(iii).	Optimal capacity - Yatch **(passenger /annum)**	16,352	16,352
		(8 trips/day*8 persons/trip*365 days *70% utilisation)	(8 trips/day*8 persons/trip*365 days *70% utilisation)
II	**Capital Cost of 1 no. of yacht**	**Rs. In Lakhs**	**Rs. In Lakhs**
(a).	1 No. of Boat	36.25	36.25
(b).	Miscellaneous cost @ 5%	1.81	1.81
		(5% * Rs.36.25 lakhs)	(5% * Rs.36.25 lakhs)
(c).	**Total Capital Cost (a+b)**	**38.06**	**38.06**
III	**Operating Cost**	**Rs. In Lakhs**	**Rs. In Lakhs**
(a).	Fuel Cost	43.21	46.55
		(2044 hrs * 32.5 Ltr/Hr * Rs.65.04/unit)	(2044 hrs * 32.5 Ltr/Hr * Rs.70.07/unit)
(b).	**Repair & Maintenance**		
(i).	Mechanical Assets	2.66	2.66
		(7% * Rs 152.25 lakhs)	(7% * Rs 38.06 lakhs)
(c).	Insurance	0.38	0.38
		(1% * Rs 152.25 lakhs)	(1% * Rs 38.06 lakhs)
(d).	Depreciation:		
(i).	Mechanical & equipment cost	2.41	2.41
		(6.33% * Rs 38.06 lakhs)	(6.33% * Rs 38.06 lakhs)
(e).	License fee for water front area	0.05	0.05
		(25 sq.m* Rs.362.76/sq.mtr*50%)	(25 sq.m* Rs.362.76/sq.mtr*50%)
(f).	Other expenses	1.90	1.90
		(5% * Rs 152.25 lakhs)	(5% * Rs 152.25 lakhs)
	Total Operating Cost	**50.60**	**53.95**
IV	**Annual Revenue Requirement and Proposed Handling Rate**	Rs. In Lakhs	Rs. In Lakhs
(a).	**Annual Revenue Requirement (ARR)**		
	(i). Total Operating Cost	50.60	53.95
	(ii). Return on Capital Employed @16%	6.09	6.09
	(iii).Total Revenue requirement	**56.69**	**60.04**
(b).	Optimal Capacity **(passengers)**	16,352	16,352
(c).	Tariff per passenger per trip per hour **(in Rs.) (Rounded off to rupee)**		
	(i). In Busy season	**394.00**	**417.00**
	(ii). In Lean season	**236.00**	**250.00**

Workings:

Rate arrived by VOCPT in its revised proposal dated 5 December 2016

Optimal Capacity		16,352
Optimal Capacity estimated in Busy Season @ 70%	16352*70%	11,446
Optimal Capacity estimated in Lean Season @ 30%	16352*30%	4,906
Estimated Annual Revenue Requirement (ARR)	in Lakh Rupees	56.69
Proposed tariff per Passenger in Busy season after capturing 40% concessional tariff for lean season 11446 X + (4906 * 60% X) = Rs. 60.04 lakhs 14390 X = Rs.60.04 lakhs X (Busy season) = Rs. 60.04 lakhs / 14390 = Rs. 394 per passenger per trip	in Rupees	394
Tariff per Passenger Trip in lean season (Rs. 394/- * 60%)	in Rupees	236

Modified Rate arrived by TAMP

Optimal Capacity		16,352
Optimal Capacity estimated in Busy Season @ 70%	16352*70%	11,446
Optimal Capacity estimated in Lean Season @ 30%	16352*30%	4,906
Estimated Annual Revenue Requirement (ARR)	in Lakh Rupees	60.04
Proposed tariff per Passenger in Busy season after capturing 40% concessional tariff for lean season 11446 X + (4906 * 60% X) = Rs. 56.69 lakhs 14390 X = Rs. 56.69 lakhs X (Busy season) = Rs. 56.69 lakhs / 14390 = Rs. 417 per passenger per trip	in Rupees	417
Tariff per Passenger Trip in lean season (Rs. 417/- * 60%)	in Rupees	250

Annex - I (b)

COST STATEMENT FOR FIXATION OF REFERENCE TARIFF FOR BOAT (MEDIUM SIZE) ON LICENSE BASIS FOR A PERIOD OF 10 YEARS AT V. O. CHIDAMBARANAR PORT TRUST

(Rs. In Lakhs)

Sr. No.	Particulars	Estimates by VOCPT in its revised proposal dated 05.12.2016 (full year)	As considered by TAMP (full year)
I	**Optimal capacity**		
	Handling capacity of a Boat (Medium size):		
(i).	No. of Trips estimated **(Trips/day)**	8	8
(ii).	Handling capacity of Boat **(persons/trip)**	15	15
(iii).	Optimal capacity - Boat **(passenger Trips/annum)**	30,660 (8 trips/day*15 persons/trip*365 days *70% utilisation)	30,660 (8 trips/day*15 persons/trip*365 days *70% utilisation)
II	**Capital Cost of1 no. of Boat**	Rs. In Lakhs	Rs. In Lakhs
(a).	1 No. of Yacht	145.00	145.00
(b).	Miscellaneous cost @ 5%	7.25 (5% * Rs.145.00 lakhs)	7.25 (5% * Rs.145.00 lakhs)
(c).	**Total Capital Cost (a+b)**	**152.25**	**152.25**
III	**Operating Cost**	Rs. In Lakhs	Rs. In Lakhs
(a).	Fuel Cost	117.99 (2044 hrs * 88.75 Ltr/Hr * Rs.65.04/unit)	127.11 (2044 hrs * 88.75 Ltr/Hr * Rs.70.07/unit)
(b).	Repair & Maintenance		
(i).	Mechanical Assets	10.66 (7% * Rs 152.25 lakhs)	10.66 (7% * Rs 152.25 lakhs)
(c).	Insurance	1.52 (1% * Rs 152.25 lakhs)	1.52 (1% * Rs 152.25 lakhs)
(d).	Depreciation:		
(i).	Mechanical & equipment cost	9.64 (6.33% * Rs 152.25 lakhs)	9.64 (6.33% * Rs 152.25 lakhs)
(e).	Rent (lease rent for way leave charges)	0.09 (25 sq.m* Rs.362.77/sq.mtr)	0.05 (25 sq.m* Rs.362.76/sq.mtr*50%)
(f).	Other expenses	7.61 (5% * Rs 152.25 lakhs)	7.61 (5% * Rs 152.25 lakhs)
(g).	**Total Operating Cost**	**147.51**	**156.59**
IV	**Annual Revenue Requirement and Proposed Handling Rate**	Rs. In Lakhs	Rs. In Lakhs
(a).	**Annual Revenue Requirement (ARR)**		
	(i). Total Operating Cost	147.51	156.59
	(ii). Return on Capital Employed @16%	24.36	24.36
	(iii).Total Revenue requirement	**171.87**	**180.95**
(b).	Optimal Capacity **(passengers)**	30,660	30,660
(c).	Tariff per passenger per trip per hour **(in Rs.) (Rounded off to rupee)**		
	(i). In Busy season	**637.00**	**671.00**
	(ii). In Lean season	**382.00**	**403.00**

Workings:

Rate arrived by VOCPT in its revised proposal dated 5 December 2016

Optimal Capacity		30,660
Optimal Capacity estimated in Busy Season @ 70%	16352*70%	21,462
Optimal Capacity estimated in Lean Season @ 30%	16352*30%	9,198
Estimated Annual Revenue Requirement (ARR)	in Lakh Rupees	171.87
Proposed tariff per Passenger in Busy season after capturing 40% concessional tariff for lean season 21462 X + (9198 * 60% X) = Rs. 171.87 lakhs 26981 X = Rs. 171.87 lakhs X (Busy season) = Rs. 171.87 lakhs / 26981 = Rs. 637 per passenger per trip	in Rupees	637
Tariff per Passenger Trip in lean season (Rs. 637/- * 60%)	in Rupees	382

Modified Rate arrived by TAMP

Optimal Capacity		30,660
Optimal Capacity estimated in Busy Season @ 70%	16352*70%	21,462
Optimal Capacity estimated in Lean Season @ 30%	16352*30%	9,198
Estimated Annual Revenue Requirement (ARR)	in Lakh Rupees	180.95
Proposed tariff per Passenger in Busy season after capturing 40% concessional tariff for lean season 21462 X + (9198 * 60% X) = Rs. 180.95 lakhs 26981 X = Rs. 180.95 lakhs X (Busy season) = Rs. 180.95 lakhs / 26981 = Rs. 671 per passenger per trip	in Rupees	671
Tariff per Passenger Trip in lean season (Rs. 671/- * 60%)	in Rupees	403

Annex - II

V. O. CHIDAMBARANAR PORT TRUST

Reference tariff for pleasure trip charges through Yacht (Small) and Boat (medium size).

CHAPTER 1 – DEFINITIONS & GENERAL TERMS & CONDITIONS

1.1. DEFINITIONS

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

(i). "**Port"** shall mean V.O. Chidambaranar Port Trust.
(ii). **"Per day**" shall mean a calendar day or part thereof
(iii). **"Yacht"** shall mean small boat.
(iv). "**Boat**" shall mean Medium sized boat.
(v). "**Trip**" shall mean service through Yachts/ Boats for 1 Hr.

1.2. General Terms & Conditions

(i). Interest on delayed payments/refunds.

(a). The user shall pay penal interest on delayed payments of any charge under this Scale of Rates. The rate of interest will be 2% above the Base Rate of State Bank of India.

(b). Like wise, the Terminal shall pay penal interest on delayed refunds. The rate of interest will be 2% above the Base Rate of State Bank of India.

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

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

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

(iii). No claims for refund shall be entertained unless the amount refundable is ₹100/- or more. Likewise, the license shall not raise any supplementary or under charge bills, if the amount due to Concessionaire is ₹100/- or less.

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

(b). The licensee may also, if it so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels. Provided that the license should notify the public such lower rates and / or rationalization 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.

(v). Users will not be required to pay charges for delays beyond a reasonable level attributable to the operator.

2.1. **Pleasure trip charges in Lean season**

Sl. No.	Particulars	Rate per person (in ₹)
1	Yacht (small size)	250.00
2	Boat (medium size)	403.00

2.2. **Pleasure trip charges in Busy season**

Sl. No.	Particulars	Rate per person (in ₹)
1	Yacht (small size)	417
2	Boat (medium size)	671

Note:

The tariff rate is proposed for pleasure trips from the proposed Marina site for a trip of 1 Hr.

3. GENERAL NOTE:

(i). The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2016 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

(ii). From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Reference Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in para 2.2 of the tariff guidelines of 2013 which will be applicable for the entire license period.

However, the Licensee would be free to propose a tariff along with Performance Standards (the “Performance Linked Tariff”) from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90 days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

(iii). The proposal shall be submitted to TAMP along with a certificate from the independent engineer appointed under the Concession Agreement of the Project indicating the achievement of Performance Standards in the previous 12 months as incorporated in the License Agreement or for the actual number of months of operation in the first year of operation as the case may be.

(iv). On receipt of the proposal, TAMP will seek the views of the Major Port Trust on the achievement of Performance Standards as outlined in para 5 of the tariff guidelines of 2013, within 7 days of receipt.

(v). In the event of Licensee not achieving the Performance Standards as incorporated in the License Agreement in previous 12 months, TAMP will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

(vi). After considering the views of the Major Port Trust, if TAMP is satisfied that the Performance Standards as incorporated in the Concession Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.

(vii). While considering the proposal for Performance Linked Tariff, TAMP will look into the Performance Standards and its adherence by the Licensee. TAMP will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the Licensee. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013

(viii). From the third year of operation, the Performance Linked Tariff proposal from the Licensee shall be automatically notified by TAMP subject to the achievement of Performance Standards in the previous 12 months period as certified by the Independent Engineer. The Licensee, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and TAMP shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

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<u>Annex - III</u>

PERFORMANCE STANDARDS

The Licensee shall unconditionally guarantee the Licensor the minimum guaranteed availability 90% of each items viz. Yacht (small size) and Boat (medium size) in every month. The availability shall be calculated for each of the items viz. Yacht (small size) and Boat (medium size).

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

F.No. TAMP/61/2016-VOCPT - Proposal received from the V.O. Chidambaranar Port Trust (VOCPT) for fixation of reference tariff for Pleasure Yacht and Boat as part of development of Marina on license basis for a period of 10 years on revenue share mode at VOCPT.

In accordance with the consultative procedure prescribed, the VOCPT proposal dated 29 September 2016 was forwarded to the concerned users and prospective bidders (as forwarded by VOCPT) for their comments. None of the users/ user association/ prospective bidders have furnished their comments except M/s. RAADS Marine, prospective bidder. The comments received from the M/s. RAADS Marine vide its email dated 3 November 2016 was forwarded to VOCPT as feedback information. The VOCPT vide its letter dated 5 December 2016 has furnished its reply on comments of the M/s.RAADS Marine, prospective bidder. A summary of the comments received from the prospective bidder and reply received from VOCPT are summarized below:

Sl. No.	Comments of the users/ user organisations/ captive user	Reply furnished by VOCPT
1.	**M/s. RAADS Marine**	
	Revision Plan on fixation of upfront tariff for development of Marina on licence basis for VOCPT	
(i).	Yacht is mentioned as small boat in the tender document, usually Yacht is termed for vessels above 14m – 15m and above with room facility such as Stateroom, Gallery, Master Bedroom and Toilet facilities	In the tender document, Yacht & Medium size Boats are specified. The Tariff for both Yacht & Medium size Boats will be fixed based on the capital cost, optimal capacity and operating cost as per guidelines.
(ii).	Trip should be considered a minimum of 2 Hrs instead of 1 Hr.	Trips may be considered in multiple of Hours.
(iii).	Proposed pleasure trip charges for Yacht will be ₹650 per person (14 persons) Lean Season.	The Tariff will be approved by TAMP Authority, as per the laid down guidelines. The rates are revised for lean season & busy season by extending concessional rate for lean season.
(iv).	Proposed pleasure trip charges for boat (small size) should be ₹450 per person (8-10 persons) Lean Season	The Tariff will be approved by TAMP Authority, as per the laid down guidelines. The rates are revised for lean season & busy season with concession for lean period.
(v).	Proposed pleasure trip charges for Yacht during Busy season will be ₹750 per person (14 persons).	The Tariff will be approved by TAMP Authority, as per the laid down guidelines. The rates are revised for lean season & busy season with concession for lean season.
(vi).	Proposed pleasure trip charges for boat (small size) during Busy Season should be ₹550 per person (8-10 persons).	The Tariff will be approved by TAMP Authority, as per the laid down guidelines. The rates are revised for lean season & busy season with concession for lean period.

(vii).	Capital Cost for the equipment or number of equipment based on the quotes as per the document attached should be revised. Yacht / Boat numbers can vary (increase) for the budget mentioned (3.625 Crores). Pre-owned yachts also should be considered. Single bedroom New Yacht cost between 1.3 Crores – 2 Crores. Pre-owned cost between 25 Lakhs – 1 Crore. Boats range between 25 Lakhs – 1 Crore only.	The Capital cost of Yacht & Medium sized Boats have been taken based on the average rate of Budgetary offers received, as per the procedural practice in the port sector.
(viii).	4 trips / day is basic trip calculation during lean season 4 trips x 2 Hours (Anchorage + Cruising).	The Licensee can perform any number of trips by Yachts & Boats depending upon the number of Tourists. The Tariff should be collected as per the TAMP rate only.
(ix).	Lean season timing : 08.00 to 19.00 Hrs.	Timing may be fixed by the Port authority in consultation with the Licensee.
(x).	6 trips / day is the basic trip calculation during busy season 6 trips x 2 Hrs (Anchorage + Cruising).	The Licensee can perform any number of trips by Yachts & Boats depending upon the number of Tourists. The Tariff should be collected as per the TAMP rate only.
(xi).	Busy Season timing : 06.00 to 23.00 Hrs	Timing may be fixed by the Port authority in consultation with the Licensee.
	Cost Statement for fixation of Tariff for yachts during lean season (All calculations are considered at : • Optimal Utilisation = 14 person/ trip x 4 trips/ day x 182 days/ year x 0.7 = 7134.40 • Capital Cost of a Single Bedroom Yacht is ₹1.5 crores x 0.5 = 75 Lakhs **Expenses:** • Operating Cost (One Hour Cruising + One Hour Anchorage) = 510 Hrs (4 trips x 182 days x 0.7) x 45 Litres Fuel + 510 Hrs of Anchorage Genset Fuel x 5 Litres Fuel = 22950 litres + 2550 litres = 25500 x ₹65/- = ₹16.60 Lakhs • Maintenance Cost 7% of half value per annum = ₹5.25 Lakhs • Insurance is 1% on total vale = ₹75,000 • Crew Cost for Six Months = ₹3,00,000 • Waterfront Area Licence Fee = ₹6,046 • Miscellaneous Expenses = ₹25,000 • Total Expenses = 25.9 Lakhs for 6 Months • Capital Cost ROCE 16% on Cap = 12 Lakhs • Total Cost = ₹37.9 Lakhs So as per cost, tariff calculation per hour per person should be as follows: 37, 90,000/ 6 = ₹6,31,666 per month divided by 21 days (30 x 0.7) = ₹30, 080/ day 4 Trips per day (2 Hours) is ₹30,080 / 4 trips per day = ₹7,600/ trip Profit for business (20%) = ₹7, 600 x 20% = ₹9,120/- ~ ₹10,000/- • Cost per person = ₹650 per person	No comments furnished by VOCPT.

	Cost Statement for fixation of Tariff for boats during lean season (All calculations are considered at : • Optimal Utilisation = 8 person/ trip x 4 trips/ day x 182 days/ year x 0.7 = 4077 • Capital Cost of a Boat medium size is ₹50 lakhs x 0.5 = ₹25 lakhs **Expenses:** • Operating Cost (One Hour Cruising + One Hour Anchorage) = 510 Hrs (4 trips x 182 days x 0.7) x 20 Litres Fuel = 10,200 liters x ₹65/- = ₹6.63 Lakhs • Maintenance Cost 7% of half value per annum = ₹1.75 Lakhs • Insurance is 1% on total vale = ₹25,000 • Crew Cost for Six Months = ₹1,80,000 • Waterfront Area Licence Fee = ₹6,046 • Miscellaneous Expenses = ₹25,000 • Total Expenses = 10.74 Lakhs for 6 Months • Capital Cost ROCE 16% on Cap = 4 Lakhs • Total Cost = ₹14.4 Lakhs So as per cost, tariff calculation per hour per person should be as follows: 14, 40,000/ 6 = ₹2,40,000 per month divided by 21 days (30 x 0.7) = ₹11, 430/ day 4 Trips per day (2 Hours) is ₹11,430 / 4 trips per day = ₹2, 900 ~ ₹3,000/ trip Profit for business (20%) = ₹3, 000 x 20% = ₹3, 600/- Cost per person = ₹450 per person	

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

V.O. Chidambaranar Port Trust (VOCPT)

(i). The proposal is for use of port owned land to promote Tuticorin as a tourism centre in South Tamil Nadu by creating recreation facilities for the General public, Port employees, Local population, National & International tourists.

(ii). This facility will enhance effective use of the waterfront in possession of the Port and will have socio-economic impacts on the hinterland by employment generation directly and indirectly.

(iii). Due to the close proximity to the International sailing circuit, the port can also function as an intermediate stopover for the yachts travelling from Far-East and Europe.

(iv). The physical features of the project include boat handling berth, facility Pontoon, fixed Pontoon for Museum, Restaurant and Shopping arcade, Museum – Pota cabin system with hall, display and control office, Artifacts, Shopping arcade – Pota cabin with air conditioned system, Multi cuisine Restaurant, Floating resort, Walkway pontoon, Yacht (small size) – 2 nos., Boat (medium size) – 2 nos., power distribution system, misc. items.

(v). This is the minimum facility for marina. Else it will not look like Marina. Tender is for comprehensive purposes. Licensee should create all basic facilities envisaged in the project.

(vi). The total capital cost of the project is ₹37.32 crores.

(vii). Lease rent will be charged for land and water front area.

(viii). We have approached TAMP limited to fixation of reference tariff for yachts and boats services to be offered by Licensee at capital cost of ₹3.63 crores. We have proposed separate reference tariff for lean season and busy season for yachts and boats services.

(ix). During lean period the rate should be low and busy season it should be high. Whereas our proposal is reverse. Hence we will rework and file the revised proposal.

(x). We will modify the Performance Standards proposed in the proposal.

M/s.RAADS Marine

(i). Trip charges proposed by VOCPT should be revised.

(ii). We will give our inputs on operating cost.

Tuticorin Ship Agents Association (TSAA)

(i). This is a new concept in VOCPT. Mind of people should be studied.
[VOCPT CME- Feasibility Study has been done. Consultants have met lot of individuals while preparing the report.]

All India Chamber of Commerce

(i). Water sports and other items may also be included in the project.
[VOCPT CME: The proposed facility is basic minimum to be developed by the Licensee. There will be scope for adding more services in second and third phases.]

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