

(To be published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

G No. 8

New Delhi,

11 January 2011

NOTIFICATION

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

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/45/2008 – CHPT

The Chennai Port Trust

Applicant

ORDER

(Passed on this 10th day of November 2010)

This case relates to a proposal received from Chennai Port Trust (CHPT) for general revision of its Scale of Rates.

2. The existing Scale of Rates of CHPT was approved in March 2006 vide order dated 7 March 2006 with the validity till 31 March 2008. At the request of the CHPT in April 2008, this Authority vide its Order dated 14 July 2008 had extended the validity of the Scale of Rates at CHPT till 30 September 2008 and had advised CHPT to file its general revision proposal immediately.

3.1. The CHPT vide its letter dated 18 September 2008 filed its general revision proposal. Since the proposal filed by CHPT was incomplete and did not contain the draft Scale of Rates, we, vide our letter dated 3 October 2008, requested the CHPT, among other things, to furnish its proposed draft Scale of Rates.

3.2. In the meanwhile, at the requests of CHPT, this Authority extended the validity of the Scale of Rates at CHPT from time to time, the latest extension being up to 30 September 2010 vide its Order No.TAMP/36/2005-CHPT dated 31.3.2010, with a condition that the surplus over and above the admissible cost and permissible return accruing to CHPT for the period from 1 April 2008 will be fully set off in the tariff to be fixed for the next cycle.

3.3. The CHPT vide its letter dated 24 October 2008 furnished the other details sought by us vide our letter dated 3 October 2008 and stated that it would furnish the draft Scale of Rates shortly. After reminders, the CHPT under cover of its letter dated 9 January 2009 had furnished the draft Scale of Rates.

3.4. On a preliminary scrutiny of the draft Scale of Rates furnished by CHPT, it was observed that the CHPT had not effected any change in the existing rates to reflect its proposal dated 18 September 2008, except additions/ deletions/ modifications in some of the conditionalities governing the levy of charges. We, therefore, while acknowledging the proposal, requested the CHPT to furnish the revised draft Scale of Rates.

4.1. The main points made by CHPT in its general revision proposal dated 18 September 2008, 24 October 2008 and 9 January 2009 are summarized below:

- (i). After the general revision of Scale of Rates of CHPT in 2006, there has been increase in the expenditure towards salary, repairs &

maintenance of equipments and berth, electricity and water charges, fuel prices, dry docking of dredger and floating crafts etc.

- (ii). Though the port is generating operating surplus and net surplus, the total plan expenditure of the port is met from its internal resources. The major projects that the port proposes to undertake in the XI Plan period are as follows:

(Rs. in Crores)		
Sr. No.	Name of the Project	Expenditure
1	Ennore – Manali Road Improvement Project	309
2	Deepening of channel basin and berths	143
3.	Modernization of Chennai Port	200
4.	Construction of RORO jetty	40
5.	Shore protection	50
6.	Container Screening equipment	40
7.	Semi-mechanized Coal Conveyor	48
	Total	830

- (iii). In addition, the Port has to meet 50% of the rehabilitation and relocation cost of the elevated corridor project for providing smooth and uninterrupted flow of cargo traffic due to congestion in the city roads and the restriction imposed on cargo movement for the convenience of the public.
- (iv). The port also has to spend around Rs.25 Crores for dredging Ambedkar Dock to provide a draft of 15.5 Metres for development of Second Container terminal.
- (v). Further, due to the wage revision of the port employees with effect from 1.1.2007, the port estimates an additional annual burden of around Rs.45 crores to Rs.60 Crores.
- (vi). The cost statements for the purpose of general revision of Scale of Rates have been worked out by taking into account the wage revision impact, accounting for the tax implications, by taking the percentage increase for expenditure at 4.6% and by considering return on investment at 16%
- (vii). The proposed increase (after cross-subsidization) over the present tariff for each activity / sub-activity based on the projections for three years viz. 2008-09, 2009-10 and 2010-11 is as follows:

Sl. No.	Activity / Sub-activity	Proposed % of revision
1.	General Cargo	20%
2.	Cranage & FLT	5%
3.	FC Thangam	-
4.	Iron Ore	45%
5.	POL	-
6.	Warehouse	-
7.	Port Dues	-
8.	Towage & Pilotage	10%

9.	Berthing & Mooring	10%
10.	Salvage & Divers	-
11.	Railways	110%*

* The percentage revision does not include increase in Terminal Charges.

- (viii). Additional Revenue of Rs.130.70 crores, Rs.137.10 crores and Rs.143.80 Crores is proposed to be generated during 2008-09, 2009-10, 2010-11, respectively with the proposed revision.
- (ix). The proposal of the CHPT has been approved by the Board of Trustees vide Resolution No.55 dated 30 August 2008. The CHPT has furnished a copy of the Minutes of the Board Meeting held on 30 August 2008.
- (x). The Port is not maintaining an Escrow Account for the Royalty / Revenue share received from the Private Terminal Operators.
- (xi). The CHPT has proposed certain additions/modifications/deletions in the conditions in the draft SoR forwarded.

4.2. The financial / cost implication as shown in the consolidated cost statement furnished by the CHPT for the port as a whole is summarized below:

(Rs. in Lakhs)

Particulars	Estimates at Existing Tariff		
	2008-09	2009-10	2010-11
Traffic (in MTs)	64.00	67.20	70.57
Operating Income (excluding Cross Subsidization)	64649.08	67692.85	70815.04
Net Surplus after Return	15381.84	13977.32	12202.01
Provision for Taxation	(4572.99)	(4318.79)	(3770.42)
Net Surplus after Tax	10628.85	9658.33	8431.59
Net surplus as % of Operating Income	16.44%	14.27%	11.91%
Average % of Net surplus	14.21%		

5. In accordance with the consultative procedure prescribed, a copy of the proposal from the CHPT was forwarded to the Chennai Container Terminal Limited (CCTL), Chennai International Terminal Private Limited (CITPL) and also to the concerned user organizations for their comments. The comments received from the various users / user organisations were forwarded to CHPT for its comments. We have not received the reaction of the CHPT on the comments of users till finalization of this case.

6.1. Based on a preliminary scrutiny of the proposal, the CHPT was requested to furnish additional information / clarifications on various issues. The CHPT has furnished its reply. The main queries raised by us and the clarifications furnished by the CHPT are tabulated below:

Sr. No.	Queries raised by us	Reply of CHPT																																																																		
1.	<p><u>Our letter dated 3.10.2008</u></p> <p>The CHPT to furnish details of the transaction in the escrow account maintained by it, recording inflows of royalty receipts from the private operator and the outflows on account of the infrastructure development expenditure. The CHPT is also to furnish the account showing the income from pollution levy and the expenditure incurred by CHPT to control the pollution, as required by paragraph no.12(xxvi) of Order dated 7 March 2006.</p>	<p>No Escrow Account is opened and maintained by CHPT for Royalty receipts from private operators. (CHPT has furnished the details of royalty receipts and infrastructure development expenditure)</p> <p style="text-align: center;"><u>Royalty receipts and infrastructure development expenditure</u> <u>Year 2007-08 (Actuals)</u></p> <table border="0"> <tr> <td>1.</td> <td>Royalty Receipt from CCTPL</td> <td style="text-align: right;">Rs.11880.66 lakhs</td> </tr> <tr> <td>2.</td> <td>Expenditure</td> <td></td> </tr> <tr> <td></td> <td>(a). Plan</td> <td style="text-align: right;">Rs.4671.71 lakhs</td> </tr> <tr> <td></td> <td>(b). Non-Plan</td> <td style="text-align: right;"><u>Rs. 914.43 lakhs</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">Rs.5586.14 lakhs Rs.5586.14 lakhs</td> </tr> </table> <p style="text-align: center;"><u>Year 2008-09 (Actuals upto September 2008)</u></p> <table border="0"> <tr> <td>1.</td> <td>Royalty Receipt from CCTPL</td> <td style="text-align: right;">Rs.2326.92 lakhs</td> </tr> <tr> <td>2.</td> <td>Expenditure</td> <td></td> </tr> <tr> <td></td> <td>(a). Plan</td> <td style="text-align: right;">Rs.1924.97 lakhs</td> </tr> <tr> <td></td> <td>(b). Non-Plan</td> <td style="text-align: right;"><u>Rs. 346.55 lakhs</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">Rs.2271.52 lakhs Rs.2271.52 lakhs</td> </tr> </table> <p>CHPT furnished the details of income from pollution levy and expenditure on control of pollution as follows:</p> <p>i. Income from Pollution Levy:</p> <p style="text-align: center;"><u>Income from Pollution levy and expenditure on Pollution Control</u> <u>Year 2007-08 (Actuals)</u></p> <table border="0"> <tr> <td>1.</td> <td>Income</td> <td style="text-align: right;">Rs.689.42 lakhs</td> </tr> <tr> <td>2.</td> <td>Expenditure</td> <td></td> </tr> <tr> <td></td> <td>(a). Revenue Exp.</td> <td style="text-align: right;">Rs. 48.73 lakhs</td> </tr> <tr> <td></td> <td>(b). Capital Exp.</td> <td style="text-align: right;"><u>Rs. 255.78 lakhs</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>Rs. 304.51 lakhs</u> <u>Rs.304.51 lakhs</u></td> </tr> <tr> <td></td> <td>Balance</td> <td style="text-align: right;">Rs.384.91 lakhs</td> </tr> </table> <p style="text-align: center;"><u>Year 2008-09 (Actuals upto September 2008)</u></p> <table border="0"> <tr> <td>1.</td> <td>Income</td> <td style="text-align: right;">Rs.141.70 lakhs</td> </tr> <tr> <td>2.</td> <td>Expenditure</td> <td></td> </tr> <tr> <td></td> <td>(a). Revenue Exp.</td> <td style="text-align: right;">Rs. 21.00 lakhs</td> </tr> <tr> <td></td> <td>(b). Capital Exp.</td> <td style="text-align: right;"><u>Rs. 73.86 lakhs</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>Rs. 94.86 lakhs</u> <u>Rs.94.86 lakhs</u></td> </tr> <tr> <td></td> <td>Balance</td> <td style="text-align: right;"><u>Rs.46.84 lakhs</u></td> </tr> </table>	1.	Royalty Receipt from CCTPL	Rs.11880.66 lakhs	2.	Expenditure			(a). Plan	Rs.4671.71 lakhs		(b). Non-Plan	<u>Rs. 914.43 lakhs</u>			Rs.5586.14 lakhs Rs.5586.14 lakhs	1.	Royalty Receipt from CCTPL	Rs.2326.92 lakhs	2.	Expenditure			(a). Plan	Rs.1924.97 lakhs		(b). Non-Plan	<u>Rs. 346.55 lakhs</u>			Rs.2271.52 lakhs Rs.2271.52 lakhs	1.	Income	Rs.689.42 lakhs	2.	Expenditure			(a). Revenue Exp.	Rs. 48.73 lakhs		(b). Capital Exp.	<u>Rs. 255.78 lakhs</u>			<u>Rs. 304.51 lakhs</u> <u>Rs.304.51 lakhs</u>		Balance	Rs.384.91 lakhs	1.	Income	Rs.141.70 lakhs	2.	Expenditure			(a). Revenue Exp.	Rs. 21.00 lakhs		(b). Capital Exp.	<u>Rs. 73.86 lakhs</u>			<u>Rs. 94.86 lakhs</u> <u>Rs.94.86 lakhs</u>		Balance	<u>Rs.46.84 lakhs</u>
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1.	<p><u>GENERAL:</u></p> <p>The CHPT to furnish in Form – 7 an analysis of the variations between actuals and the projections based on which tariff was fixed for the years 2006-2007 and 2007-08 duly explaining the reasons for variations. Likewise, an analysis of variations between the actuals and projections for the year 2005-06 may also be furnished.</p>	<p>The form 7 furnishing the variations between actuals and the Projections based on which tariff was fixed for the years 2006-07 and 2007-08 duly explaining the reasons for variations is furnished.</p>																																																																		
2.	<p>This Authority vide Order dated 7 March 2006 reviewing the Scale of Rates of Chennai Port Trust (CHPT) made some observations and</p>																																																																			

	<p>requested the CHPT to initiate action. The observations made by this Authority are briefly listed below. The CHPT to intimate the action taken on the observations made by this Authority:</p>													
	<p>(i). Since the Railway earnings of CHPT were less than the expenditure, this Authority vide paragraph 12 (vi) (d) of its Order dated 7 March 2006 had advised the Port to take up the matter with the Railways for upward revision of the railway charges. It will not be appropriate for other activities to continue to cross subsidize the railway activity.</p>	<p>CHPT has informed that the rate of Haulage Charges collected by Chennai Port is lesser in comparison with other Ports.</p>												
	<p>(ii). This Authority in its Order dated 7 March 2006 vide paragraph 12 (vii) (b) had advised CHPT to correctly allocate the cost of dredging amongst the port services and berth hire, either based on the number of days the dredger worked for each services or based on the quantity dredged.</p>	<p>The Dredging work is being carried out through out the Port i.e., at all berths to facilitate free movement of ships. The quantity dredged at each berth will differ based on the sludge & its location and the number of days of dredging will also vary accordingly. However, since the dredging work mainly relates to Port and Dock activity the dredging cost is apportioned to Port Dues, Towage & Pilotage and berthing & mooring in equal proportions in cost sheet though it is shown separately under Dredging & Marine Survey in the Annual Accounts.</p>												
	<p>(iii). This Authority in its Order dated 7 March 2006 vide paragraph 12 (xi)(h) had advised CHPT to address the underutilization of few of its newly acquired cranes, especially that of 150 tonnes floating crane and take corrective measures. CHPT to furnish the details of utilization of 150 tonne floating crane for the last 3 years.</p>	<p>The utilization of 150 Tonne Floating Crane for the last 3 years is as follows:</p> <table border="1" data-bbox="778 1115 1337 1285"> <thead> <tr> <th>Year</th> <th>Average demand per day</th> <th>Average supply per day</th> </tr> </thead> <tbody> <tr> <td>2005-06</td> <td>0.28</td> <td>0.28</td> </tr> <tr> <td>2006-07</td> <td>0.21</td> <td>0.21</td> </tr> <tr> <td>2007-08</td> <td>0.41</td> <td>0.41</td> </tr> </tbody> </table>	Year	Average demand per day	Average supply per day	2005-06	0.28	0.28	2006-07	0.21	0.21	2007-08	0.41	0.41
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	<p>(iv). CHPT has been directed vide para 12 xxviii (d), of the Order dated 7 March 2006 to formulate a transparent procedure in respect of deployment of private equipment inside the Docks and regulating the associated activities with due notice to the trade.</p>	<p>Private equipments are freely allowed to operate inside the docks by Chennai Port Trust on payment of 10% crantage as per the existing provisions in the Scale of Rates. TAMP vide its letter No.TAMP/03/2006-Misc. dt.29.09.06 stated that the hire charges for private cranes are being fixed arbitrarily by equipment owners and does not come under the purview of Chennai Port Trust Scale of Rates nor under the approval of TAMP. Upon seeing the above letter of TAMP, Port addressed the users to get their hire charges for the cranes approved by TAMP. In turn several crane & equipments owners forwarded their proposal seeking approval of TAMP. Now, TAMP vide their letter No.TAMP/53-2002-Misc. dt.04.6.09 enclosing the proposals of the crane operators directed the Port to initiate appropriate action as per the tariff guidelines of 2005 and further stated that Chennai Port Trust ;may advise the parties to interact with it instead of approaching the TAMP. In this regard it is suggested that the Tariff to be fixed for private crane operators for providing services inside the Port shall be on par with the rates levied by the Trust for similar range of cranes.</p>												

	<p>(v). As regards the recovery of cost of repairs and damage to the port equipment from users, this Authority in para 12 (xxx) of its order dated 7 March 2006 had advised CHPT to explore the possibilities of insuring its assets. Action taken in this respect may be elucidated.</p>	<p>The Trust's assets have not been insured with Insurance Companies. However, an Insurance Fund available with the Trust is being utilized to meet out any contingencies.</p>																												
	<p>(vi). This Authority in its order dated 7 March 2006 {Paragraph No. 12(xxxi)} had accorded approval to the recovery of a fee of Rs.10,000/- per shift for the working of 150 tonne floating crane during the second and third shifts on any working day and during any shift on a Sunday or a Port holiday with a specific condition that this rate should be removed at the time of the next review by effecting suitable adjustment in the base rate. It appears no action in this respect has been taken by the Port.</p>	<table border="1" data-bbox="778 472 1469 701"> <thead> <tr> <th colspan="4">No. of occasions F.C. Thangam worked in 2nd & 3rd shifts</th> </tr> <tr> <th>Year</th> <th>Vessel Work</th> <th>Non-Vessel work</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>25</td> <td>9</td> <td>34</td> </tr> <tr> <td>2007</td> <td>8</td> <td>0</td> <td>8</td> </tr> <tr> <td>2008</td> <td>19</td> <td>1</td> <td>20</td> </tr> <tr> <td>2009</td> <td>14</td> <td>3</td> <td>17</td> </tr> <tr> <td>Total</td> <td>66</td> <td>13</td> <td>79</td> </tr> </tbody> </table> <p>The number of occasion Floating Crane Thangam utilized for 2nd and 3rd Shift is much less. Therefore the tariff of Rs.10,000/- per shift for working of 150T Floating Crane during the 2nd and 3rd shifts may be continued as the additional rate fixed was based on users request during last revision wherein they objected to levy at a higher rate stating that the charges available on tonne basis is already a burden to the trade.</p>	No. of occasions F.C. Thangam worked in 2 nd & 3 rd shifts				Year	Vessel Work	Non-Vessel work	Total	2006	25	9	34	2007	8	0	8	2008	19	1	20	2009	14	3	17	Total	66	13	79
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	<p>(vii). CHPT was advised vide para 12 (xxxvi) (f) of this Authority's Order dated 7 March 2006 to file fresh proposals for hire charges in respect of its pilot launches "Progress", Muthu and Utility supported by cost details and detailed working. No such proposal was received from CHPT so far.</p>	<p>The CHPT has informed that a common rate has been proposed for hire of Pilot and Mooring launches under scale 18 Chapter VI of the Scale of Rates. As such, the need for fixing a separate rate for pilot launches "Progress", Muthu and Utility does not arise.</p>																												
	<p>(viii). As per clauses 5.9 & 6.8 of the revised tariff guidelines of March 2005, the tariff should be linked to the benchmark levels of productivity. In this regard, CHPT was advised to make a beginning and evolve productivity levels for various operations / services vide paragraph No. 12 (xxxix)(a) of Order dated 7 March 2006. CHPT's proposal, however, does not indicate anything about the productivity levels to be maintained for various operations/ services.</p>	<p>The productivity level depends upon the Traffic handled during a year. The services utilized for the Traffic handled depends upon the nature of Cargo and its movement based on user requirements. In the circumstances, it is not possible to indicate the productivity levels for the various operations/services.</p>																												
<p>3.</p>	<p>The CHPT has stated that it has to meet 50% of the Cost of Rehabilitation and Relocation of the Elevated corridor project for providing smooth and uninterrupted flow of cargo traffic from the port to National Highways. In this context CHPT to elucidate whether any separate SPV has been formed for the proposed project and whether any decision has</p>	<p>A letter has been sent to MoSRT&H on 3.3.09 seeking:</p> <p>(i) in-principle approval of the Ministry for participation of Chennai Port Trust in the implementation of the Elevated Expressway from Chennai Port to Maduravoyal, contributing towards the entire cost based on claims raised by Government of Tamil Nadu and getting 50% of the cost reimbursed from Government of Tamil Nadu at a later date as per the G.O.Ms. No.63 dt.7.3.08 of the Highways Department, Government of Tamil Nadu.</p>																												

	<p>been taken by the Government of India regarding sharing the cost thereon to the extent of 50% by the Port.</p>	<p>(ii) permit CHPT to bear the amount to be paid to Government of Tamil Nadu as interest-free advance, pending reimbursement by Government of Tamil Nadu at a later date; and</p> <p>(iii) permit Chennai Port Trust work jointly with NHA for sending proposals to the concerned State Government departments/agencies for necessary clearance and implementation of the Project.</p>																		
<p>4.</p>	<p>(a). The cost statement (Form – 3A) filed by CHPT shows that it has generated actual additional surplus after maximum permissible return on capital employed aggregating to Rs.398.81 Crores for the years 2005-06 to 2007-08.</p>	<p>The Cost sheets have been revised excluding the tax liability and enclosed. The actual additional surplus before tax, maximum permissible return on capital employed as per the revised cost statement form (3A) for the years 2005-06 to 2007-08 is as follows:</p>																		
	<p>(b). The CHPT has estimated additional surplus of Rs.153.82 Crores for the year 2008-09. Further, it has projected an aggregate additional surplus of Rs.261.79 Crores after return at the existing Scale of Rates for the years 2009-10 and 2010-11. Thus, the additional surplus for the years 2008-09 to 2010-11 aggregates to Rs.415.61 Crores which works out to around 19.10 % as a percentage of operating income for the years 2008–09 to 2010–11. This position may further increase if past surplus of Rs.398.81 Crores for the years 2005-06 to 2007-08 is adjusted as per the tariff guidelines.</p>	<table border="1" data-bbox="842 685 1337 887"> <thead> <tr> <th>Years</th> <th>Amount (Rs. In Crores)</th> </tr> </thead> <tbody> <tr> <td>2005-06</td> <td>22.00</td> </tr> <tr> <td>2006-07</td> <td>90.31</td> </tr> <tr> <td>2007-08</td> <td>241.95</td> </tr> <tr> <td>Total</td> <td>354.26</td> </tr> </tbody> </table> <table border="0" data-bbox="842 949 1374 1312"> <tr> <td>Additional surplus before tax for the year 2008-09</td> <td style="text-align: right;">46.40</td> </tr> <tr> <td>Projected additional surplus before tax for the year 2009-10</td> <td style="text-align: right;">227.67</td> </tr> <tr> <td>Projected additional surplus before tax for the year 2010-11</td> <td style="text-align: right;">150.78</td> </tr> <tr> <td>Aggregate of additional surplus before tax for the years 2008-09 to 2010-11</td> <td style="text-align: right;">424.85</td> </tr> </table> <p>It is estimated that the tax liability of the Port will be in the order of Rs.80 to 100 Crores per year which has to be taken into account to arrive at the surplus available.</p>	Years	Amount (Rs. In Crores)	2005-06	22.00	2006-07	90.31	2007-08	241.95	Total	354.26	Additional surplus before tax for the year 2008-09	46.40	Projected additional surplus before tax for the year 2009-10	227.67	Projected additional surplus before tax for the year 2010-11	150.78	Aggregate of additional surplus before tax for the years 2008-09 to 2010-11	424.85
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Aggregate of additional surplus before tax for the years 2008-09 to 2010-11	424.85																			
	<p>(c). Prima facie, it appears that the proposed increase in the existing tariff is not justified and on the contrary, there may be a case for downward revision of the existing tariff at the CHPT, subject of course, to scrutiny of the Escrow Account to be furnished by the CHPT recording actual and estimated inflows of revenue share receipts from BOT operators and actual and estimated outflow for development of infrastructure projects at the port from the year 2005-06 onwards. (The CHPT may refer to the separate para in this regard in the later part of this Annex). That being so, the CHPT to justify continuance of the existing rates for all the activities.</p>	<p>The Port has to follow the common frame work of accounting as per the Billimoria Report. The Revenue share / Royalty received from the CCTPL has been accounted separately by allotting a separate account code. This forms part of the Port Operating Income. In view of that, it is considered that, creation of separate Escrow account is not as per the accounting policy of the Port. No separate Escrow account is maintained for royalty received from the BOT operator The entire royalty is treated as income of the container Terminal Activity and the consequent surplus arising on such inclusion is cross-subsidized to other deficit activities.</p>																		

5.	It is seen from the proposal filed by CHPT that the port has framed its tariff proposal by taking into account the port's Income Tax liability, among other things. It may be noted that Income Tax is not allowed as pass through for fixing / revising tariff of the major port trusts and the private terminals operating thereat.	The cost sheets have been revised excluding the tax liability.
6.	This Authority has allowed a general flexibility to all the major port trusts to reduce the rates at their discretion on commercial consideration. Such reduction, if any, effected by CHPT may be listed out and the consequential effect of such concession granted on growth of traffic may be analyzed item wise.	CHPT has informed that the reduction in rates have been extended to import of Oil by M/s.CPCL. A copy of the concession agreement is furnished.
7.	The CHPT has identified 29 surplus employees as a consequence of Licence Agreement (LA) entered between the CHPT and the CITPL as noted from Article 10 of the said LA. A brief note on surplus manpower may be furnished and allocation of expenditure on such manpower may be explained keeping in mind Clause 2.6.1. of the tariff guidelines of March 2005.	The working strength in the year 2006 was 306 which has reduced to 292 as on 01.07.2009. This reduction in working strength of 14 is adjusted against the surplus staff strength of 29 as on 07.03.2007. The remaining 15 surplus staff is utilized for the function of SQ2 which was part of Area-V after the emergence of IInd Container Terminal at SQ3, SQ4 & EQ and this SQ2 the part of erstwhile Area-V is merged with Area-IV and the staff are utilized for the function of Area-IV.
8.	As per Clause 2.6.2. of the guidelines of March 2005 it is necessary to regularly adjust manning scales / datum in view of technological changes. The award of the National Industrial Tribunal on manning scales for port operations have since been notified by the Ministry of Labour in the Gazette of India vide Notification No. L-3/011/1/2000-IR(M), dated 23 May 2006. The CHPT was already engaged with the concerned parties on the revision of manning scales / datum as reported by it vide its earlier letter No. T2/14170/2005/AR, dated 20 February 2008 relating to the proceedings of revision of Stevedoring & C&F levy and agreed to incorporate the revised manning scales in its Scale of Rates after finalization. In this context, CHPT to furnish the following:	
	(i). When the manning scale / datum for port operations were last revised.	
	(ii). CHPT to confirm whether the proposal is in line with the revised manning scales.	The Tribunal Award is yet to be implemented. On implementation of the Tribunal Award, revision of Manning Scale/Datum etc., action will be taken for revision of Stevedoring and C&F Levy.
	(iii). The manning scales revised as per Tribunal award may be incorporated in the draft Sale of Rates.	

	(iv). CHPT to furnish a comparative statement showing the existing manning scale and the revised manning scale as per the Tribunal award along with the cost thereof cargowise for the throughput projections for the years 2009-10 to 2011-12.	
9.	This Authority passed an Order dated 3 July 2008 disposing of the proposal of the CHPT for revision of Stevedoring and Clearing & Forwarding Levy. In the proceedings relating to the said Order dated 3 July 2008 the CHPT agreed to merge the revision of Stevedoring and C&F Levy with the general revision proposal so that a comprehensive assessment could be made and the validity of the reviewed charges for Stevedoring operations and C&F operations will be co-terminus with the Scale of Rates of the CHPT as a whole for the further tariff cycle. It is, however, seen that the Stevedoring Levy and C&F Levy approved vide Order dated 3 July 2008 do not appear to have been reviewed. CHPT to clarify the position.	As furnished at point 8 above.
10.	Copies of the MOUs entered into between CHPT and the Government for the years 2006-07, 2007-08 and 2008-09 may be submitted for perusal.	Copies of MOUs between Chennai Port Trust and the Government for the years 2006-07, 2007-08 and 2008-09 are furnished.
11.	Since the year 2009-10 has already commenced and the prescribed tariff validity period is 3 years, the revised tariff to be approved may spill over to the year 2011-12. Therefore, the cost estimates and statements for 2011-12 may also be furnished. While preparing the revised statements, the figures for 2008-09 need to be updated with reference to the actual and projection for the future years revised in the light of BE 2009-10 and the target fixed by the Ministry.	In the cost statements the actual figures for the year 2008-09 has been updated and in the light of projection for the year 2009-10, the projection for the future years have been projected.
II.	<u>Financial / Cost statement (Port as a whole)</u>	
1.	CHPT to furnish cost statements in the prescribed format for all activities excluding Estate and Railway activities.	The cost statement in the prescribed format for all activities/sub activities have been furnished vide Annexure 5 A(i), 5 B (i), 5 C(i), 5 D(i), 5 a(iii), 5 b(iii)
2.	Capacity: The designed capacity of the port as a whole has been mentioned as 48.80 Million Tonnes (MT), 50.00 MT, 51.08 MT, 52.61 MT, 55.24 MT and 58.00 MT respectively for the years 2005-06, 2006-07, 2007-08,	The Ministry consolidates the commodity-wise capacity of the specific berth cargoes of Major Ports individually based on our inputs and sets up the designed capacity for each Port as on 31 st March of the corresponding financial year. A copy each of the letter received from the Ministry along with the statement furnishing the capacity of Major Ports as

	2008–09, 2009–10 and 2010–11. In this context, CHPT to furnish the following:	on 31 st March 2006, 2007 & 2008 are furnished. (The Commodity-wise capacity communicated by the Ministry as given by CHPT for the years 2005-06 to 2008-09 as of 31 st March of the respective years are shown below:																																													
	(i). The berth-wise design capacity as on 31 March 2007 stated to have been computed as per Ministry's guidelines is not found attached with the proposal.	(In Million .T.)																																													
	(ii). The CHPT to furnish break-up for the design capacity for the port as a whole with detailed computation for facilities for major commodity groups like iron ore, coal, POL and other port specific cargoes for the years 2005-06 to 2011-12 considering the capital investments made and proposed to be made during the years under consideration and the productivity improvement achieved / expected to be achieved thereby.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Commodity</th> <th style="text-align: center;">05-06</th> <th style="text-align: center;">06-07</th> <th style="text-align: center;">07-08</th> <th style="text-align: center;">08-09</th> </tr> </thead> <tbody> <tr> <td>POL</td> <td style="text-align: center;">11.25</td> <td style="text-align: center;">11.25</td> <td style="text-align: center;">11.80</td> <td style="text-align: center;">11.39</td> </tr> <tr> <td>Iron Ore</td> <td style="text-align: center;">8.00</td> <td style="text-align: center;">8.00</td> <td style="text-align: center;">8.00</td> <td style="text-align: center;">9.75</td> </tr> <tr> <td>Coal (Thermal)</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2.49</td> </tr> <tr> <td>Fertilizer</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>General Bulk Cargo</td> <td style="text-align: center;">17.55</td> <td style="text-align: center;">15.55</td> <td style="text-align: center;">16.10</td> <td style="text-align: center;">9.83</td> </tr> <tr> <td>Container In Million T.</td> <td style="text-align: center;">12.00</td> <td style="text-align: center;">15.20</td> <td style="text-align: center;">17.45</td> <td style="text-align: center;">19.15</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">48.80</td> <td style="text-align: center;">50.00</td> <td style="text-align: center;">53.35</td> <td style="text-align: center;">52.61</td> </tr> <tr> <td>Container (in Lakh TEUs)</td> <td style="text-align: center;">10.00</td> <td style="text-align: center;">12.66</td> <td style="text-align: center;">14.54</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	Commodity	05-06	06-07	07-08	08-09	POL	11.25	11.25	11.80	11.39	Iron Ore	8.00	8.00	8.00	9.75	Coal (Thermal)	0	0	0	2.49	Fertilizer	0	0	0	0	General Bulk Cargo	17.55	15.55	16.10	9.83	Container In Million T.	12.00	15.20	17.45	19.15	Total	48.80	50.00	53.35	52.61	Container (in Lakh TEUs)	10.00	12.66	14.54	0
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3.	<p>Traffic:</p> <p>(i). CHPT has projected traffic of 64.00 MT, 67.20 MT and 70.56 MT for the years 2008–09, 2009–10 and 2010–11 respectively. The figures published by IPA states that Chennai Port Trust has handled 57.49 MT during 2008–09. The Traffic figures for 2008–09 may, therefore, be updated with reference to the actuals and the traffic estimates for the subsequent years may be reviewed. The CHPT to confirm that the projections for the years subsequent to 2008–09 are in line with the projections in the Five Year/ Annual Plan and the current/ expected growth.</p>	<p>The projections are in line with the projections in the Five Year Plan and the current/expected growth.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Ministry's Target</th> <th style="text-align: center;">Traffic Handled in Million Tonnes.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2008-09</td> <td style="text-align: center;">64.00</td> <td style="text-align: center;">57.49</td> </tr> <tr> <td style="text-align: center;">2009-10</td> <td style="text-align: center;">64.00 *</td> <td style="text-align: center;">1.41 (up to June 2009)</td> </tr> <tr> <td style="text-align: center;">2010-11</td> <td style="text-align: center;">64.00 *</td> <td></td> </tr> </tbody> </table> <p>* As per Ministry's direction vide ref.No.PT/11033/18/2009/PT dt.23.4.09.</p>	Year	Ministry's Target	Traffic Handled in Million Tonnes.	2008-09	64.00	57.49	2009-10	64.00 *	1.41 (up to June 2009)	2010-11	64.00 *																																		
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	(ii). In the absence of a copy of the Budget Estimate 2009–10, the traffic projected in the cost statements for that year could not be verified. CHPT to submit a copy of this document for perusal.	Copy of the Budget Estimate 2009-10 is enclosed. However it is submitted that the traffic projected for the year 2009-10 as furnished during the Rationalised Distribution of Cargo (RDC) Meeting is 64 MT. As such the operating income has been projected for the year 2009-10 based on the above tonnage. Further a proportionate increase in tonnage has been targeted for the years 2010-11 and 2011-12.																																													
	(iii). The number of vessels handled/ proposed to be handled during 2005–06 to 2010-11 has been furnished. The aggregate GRT of such vessels in each group with break-up into foreign-going and coastal may be furnished.	The number of vessels handled during 2005-06 to 2007-08 are available under Table 7 of the Administrative Report.																																													
	(iv). Since the container terminal at the CHPT is being operated by the Chennai Container Terminal Limited (CCTL), kindly include in the tariff forecast only the cargo that is to be handled by the Chennai Port.	The Tariff forecast has been furnished only for the Cargo to be handled by the CHPT and does not include that of CCTPL.																																													

<p>4. Operating Income: (i). Note – 3 to Form 2 B of the formats prescribed for filing of tariff proposal requires the major port trusts to provide detailed computation of Income with reference to the estimated traffic. No such computation has been furnished by CHPT. CHPT to furnish detailed computations of operating income with reference to the estimated traffic for the years 2008-09 to 2011-12 at the existing Scale of Rates and proposed Scale of Rates.</p>	<p>The computation of income with reference to estimated Traffic for the year 2009-10 to 2011-12 is furnished.</p>																																																																							
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<p>(a). It appears that the CHPT has considered some other income apart from revenue share and shown as container handling income. CHPT to furnish details of such other actual / estimated income considered under container handling income for all the years under consideration.</p>	<p>The details of actual/estimated income considered under container handling income for all the years are as follows.</p> <table border="1" data-bbox="778 898 1485 1323"> <thead> <tr> <th rowspan="2">Description</th> <th colspan="4">Actuals</th> <th colspan="3">Projections</th> </tr> <tr> <th>05-06</th> <th>06-07</th> <th>07-08</th> <th>08-09</th> <th>09-10</th> <th>10-11</th> <th>11-12</th> </tr> </thead> <tbody> <tr> <td>Compensation from CCTPL for non-achievement of Non-Transshipment Traffic</td> <td>-</td> <td>-</td> <td>1707.14</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Wharfage charges on containers</td> <td>3.85</td> <td>3.38</td> <td>9.68</td> <td>4.32</td> <td>4.67</td> <td>4.67</td> <td>5.67</td> </tr> <tr> <td>Storage charges on containers</td> <td>0.96</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Demurrage charges on containers</td> <td>0.13</td> <td>0.20</td> <td>0.35</td> <td>0.94</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Royalty Income CCTPL</td> <td>7196.67</td> <td>8600.07</td> <td>10173.52</td> <td>11570.13</td> <td>11250</td> <td>11815</td> <td>12400</td> </tr> <tr> <td>Upfront premium From CITPL amortized</td> <td>-</td> <td>-</td> <td>33.33</td> <td>33.33</td> <td>33.33</td> <td>33.33</td> <td>33.33</td> </tr> <tr> <td>Total</td> <td>7201.61</td> <td>8603.65</td> <td>11924.02</td> <td>11608.72</td> <td>11288</td> <td>11853</td> <td>12439</td> </tr> </tbody> </table>	Description	Actuals				Projections			05-06	06-07	07-08	08-09	09-10	10-11	11-12	Compensation from CCTPL for non-achievement of Non-Transshipment Traffic	-	-	1707.14	-	-	-	-	Wharfage charges on containers	3.85	3.38	9.68	4.32	4.67	4.67	5.67	Storage charges on containers	0.96	-	-	-	-	-	-	Demurrage charges on containers	0.13	0.20	0.35	0.94	-	-	-	Royalty Income CCTPL	7196.67	8600.07	10173.52	11570.13	11250	11815	12400	Upfront premium From CITPL amortized	-	-	33.33	33.33	33.33	33.33	33.33	Total	7201.61	8603.65	11924.02	11608.72	11288	11853	12439
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<p>(b). The CHPT has awarded a Concession to the Chennai International Container Terminal Pvt Ltd., (CITPL) for development and operation of a container terminal at CHPT. The CITPL in its tariff proposal filed before this Authority under cover of its letter No. CIPTL/TAMP/2009/002 dated 5 March 2009 (A copy of CITPL tariff proposal was forwarded to CHPT vide our letter No. TAMP/10/2009-CITPL dated 25 March 2009 for the comments of port) has, inter alia, stated that the CITPL is going to commence its operations partly from May 2009. Therefore, the revenue share receivable from the CITPL for all the years under consideration should also be considered and treated as per Clause 2.8.3 of the tariff guidelines of March 2005.</p>	<p>As per the terms of Licence Agreement, the construction phase shall be completed on or before 24 months from the Date of Award of Licence (1.5.07). However, the Licensee has been granted extension of time by 161 days with effect from 30.4.09 and hence, the construction period shall end on 8.10.09. Thereafter during the operations phase, the MGT shall come into force. Hence, for the time being only the lease rentals from CITPL have been taken into consideration and not the revenue share from the Licensee.</p> <p>[The CHPT has considered the revenue share receipts from CITPL also in its revised proposal dated 24 June 2010.]</p>																																																																							

<p>(c). It is noteworthy that this Authority vide paragraph No. 12 (vi) (c) of Order dated 7 March 2006 considered 50% of the estimated revenue share receipts as income for the respective years while deciding the tariff at CHPT and the remaining 50% of the revenue share receipts is to be transferred to Escrow Account by CHPT. Although the CHPT had agreed to create and maintain such a year-wise Escrow Account for the royalty/revenue share receipts and the infrastructure development expenditure and furnish such an account to this Authority during the next review of the tariff of the CHPT, the CHPT has not yet opened the requisite Escrow Account till date as stated by the port in its letter dated 24 October 2008. The cost statements furnished by the CHPT do not show any withdrawal from the escrow account.</p> <p>The CHPT has considered the entire revenue share receipt as income for the respective years without setting aside 50% of such receipts for the Escrow Account. In order to have an even comparison between the estimated income and actual income, for the years 2005-06 to 2007-08, 50% of the actual revenue share receipt should only be considered as income for the respective years in the cost statements.</p> <p>The CHPT has not furnished the details of escrow account for the years 2005-06 and 2006-07. Therefore, 50% of the accrued revenue share receipt of Rs.71.97 Crores and Rs.86 Crores as reflected in the annual accounts of CHPT for the year 2005-06 and 2006-07, respectively, may be added back as revenue of the port to the estimated operating income for the year 2010-11 and 2011-12, respectively. If any infrastructure asset is created out of the revenue share amount which should have been transferred to the escrow account, the value of such assets may be excluded from the capital employed for the purpose of</p>	<p>As furnished in item 4(c) under the heading General.</p>
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	claiming ROCE as asset created out of escrow account fund will not qualify for return.	
	(iii). Note – 1 to Form – 2 requires the major port trusts to furnish analysis of average storage time of cargo in line with demurrage categories in the port's Scale of Rates. No such analysis has been furnished. CHPT to furnish the analysis and computation of income on account of the storage income at the existing storage charges and proposed storage charges.	The storage/demurrage charges are recovered based on the area occupied by the users. The occupation of the area for storage purposes will depend on various factor like the importer/exporter, nature of cargo, type of cargo, etc.; and the steamer agents.
	(iv). (a). The CHPT has proposed anchorage fee in its draft Scale of Rates. However, no income from anchorage appears to have been considered in the income statement.	The Income from Anchorage is booked and accounted under the head Berth Hire Charges in the cost statements.
	(b). The CHPT has estimated income arising out of operating Dry Dock facilities. However, no rates have been proposed in draft Scale of Rates.	The estimated income is for the Dry Docking area.
	(v). CHPT has considered under operating income Rs.46.49 crores, Rs.47.89 crores and Rs.49.13 crores as cross subsidization for the years 2008-09, 2009-10 and 2010-11 respectively. In the absence of any supporting workings, the flow of cross subsidization from surplus generating activities to the activities which are in deficit could not be linked. The Port to furnish workings showing flow of cross subsidization from surplus generating activities to the activities which are in deficit for all the years under consideration. The basis for apportionment of surplus so generated to the activities and sub-activities which are in deficit may also be explained.	The working sheet of cross subsidization from surplus generating activities to the activities which are in deficit is furnished.
	(vi). (a). The prior period income for 2005-06, 2006-07 and 2007-08 are shown as Rs.11.75 crores, Rs.16 crores and Rs.102 crores respectively. Item wise details of this income may be furnished especially in respect of the prior period income of Rs.102 crores for the year 2007-08. The reason for projecting prior period income only at Rs.5 Crores each for the years 2008-09 to 2010-11 may be furnished.	Item-wise details of the Prior Period Income for the year 2005-06 to 2007-08 is furnished (The list furnished by CHPT generally shows that items of prior period income relate to receipts towards license fee, wharfage, vessel related income, supply of well water, penal interest, electricity charges, hire of equipment etc.) Item-wise breakup details for Rs.102 crores towards Prior Period Income during 2007-08 is furnished. The main reasons for the above sum is Interest amount on cost of land received from M/s EPL, Pollution Levy, compensation amount and interest on compensation amount paid by M/s CCTL for non achievement of Non-transshipment traffic & Refund of Income Tax received from Income Tax Department related to FY 2003-04.

		(The income towards above stated items are given below as taken out from the list furnished by CHPT (Rs. In Lakhs)																												
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Other items of prior period income like arrears of licence fees, berth hire charges, pollution levy, interest and penalty on income, disputed terminal handling charges from Southern Railway, rectification of erroneous / misclassified entries, etc.	792.29	3227.48	4019.77																											
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(b). The details of estimated miscellaneous income of Rs.48.72 Crores each for the years 2008-09 to 2010-11 may be furnished.	The details of Miscellaneous income for the years 2008-09 to 2010-11 is furnished. (The CHPT has referred to Annex – V of its relevant communication with regard to details of miscellaneous income. The details of miscellaneous income furnished in Annex – V are with regard to finance and miscellaneous income from profit on disposal of assets, items relating to previous year, miscellaneous income, recovery towards electricity, water, etc., penalties and lapsed deposit harbour entry fees. The total actual finance & Miscellaneous income for the years 2005-06 to 2008-09 and projection for the years 2009-10 to 2011-12 are as given below: (Rs. In Lakhs)	<table border="1"> <thead> <tr> <th>Year</th> <th>Actuals</th> <th>Estimates</th> </tr> </thead> <tbody> <tr> <td>2005-06</td> <td>3875.67</td> <td>-</td> </tr> <tr> <td>2006-07</td> <td>5190.17</td> <td>-</td> </tr> <tr> <td>2007-08</td> <td>15367.01@</td> <td>-</td> </tr> <tr> <td>2008-09</td> <td>5097.48</td> <td>-</td> </tr> <tr> <td>2009-10</td> <td>-</td> <td>4095.29</td> </tr> <tr> <td>2010-11</td> <td>-</td> <td>4100.00</td> </tr> <tr> <td>2011-12</td> <td>-</td> <td>4100.00</td> </tr> </tbody> </table>	Year	Actuals	Estimates	2005-06	3875.67	-	2006-07	5190.17	-	2007-08	15367.01@	-	2008-09	5097.48	-	2009-10	-	4095.29	2010-11	-	4100.00	2011-12	-	4100.00				
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(vii). CHPT to update the income arising out of dollar denominated tariff with reference to the current exchange rate.	The vessel related charges of Foreign vessels are denominated in US Dollar tariff with reference to the exchange rates prevailing on the date of arrival and such charges include Berth Hire Charges, Port Dues, Pilotage, shifting etc.																													
(viii). With reference to the charge of pollution levy at Rs.5 per Metric tonne, this Authority advised the CHPT to maintain a separate account showing the income from pollution levy and the expenditure incurred to control pollution and furnish such account to this Authority vide paragraph No. 12(xxvi) of Order dated 7 March 2006. As per the actuals for the year 2007-08 and estimates for the year 2008-09, the pollution levy account shows	The Pollution levy is made applicable only to bulk cargoes handled at Port that create Pollution. These bulk cargoes being continued to be handled at Chennai Port though Ennore Port has come into operation. Therefore it has become necessary to contain pollution for which CHPT has taken action like sprinkling water through tankers, providing wind screen curtains etc. (The CHPT has furnished an updated position of income and expenditure on account of pollution levy, along with its proposal for fixation of tariff for handling coal through semi-mechanised conveyor system, vide its letter dated 31 July																													

	<p>actual surplus of Rs.384.91 lakh for the year 2007-08 and estimated surplus of Rs.560.41 lakhs for the year 2008-09. In view of the general surplus position and disproportionate income with reference to corresponding expenditure, CHPT should justify continuance of the pollution levy.</p>	<p>2010.) The updated position is as follows:</p> <p style="text-align: center;">STATEMENT OF YEARWISE INCOME & EXPENDITURE ON ACCOUNT OF POLLUTION LEVY FOR THE PERIOD 2006-07 TO 2009-10</p> <p style="text-align: right;">Amount in lakhs</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">A. 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Income for the years 2007-08 to 2009-10 considered as per details furnished by the port. @ The expenditure considered by the port towards purchase of spares and equipment and providing wind screen etc. being capital expenditure for which depreciation and return are already captured in the general revision proposal, these expenditure have not been taken into account in this statement. # The supervision and overheads each @ 20% of expenditure as considered by CHPT has been modified accordingly.</p>	A. INCOME	2006-07	2007-08	2008-09	2009-10	Total	Income collected by way of pollution levy – coal and dry bulk	637.55	727.66	680.21	776.84	2,822.26	Income from pollution levy - iron ore *	404.50	266.92	377.28	402.01	1,450.71	Total -A	1,042.05	994.58	1,057.49	1,178.85	4,272.97	B. EXPENDITURE						Maintenance contract work (including sweeping & cleaning charges)	189.06	193.62	128.99	156.44	746.87	Purchase of Spares and equipment @	0.00	0.00	0.00	0.00	0.00	Providing wind screen curtain / Green house net barrier/ wind barrier @	0.00	0.00	0.00	0.00	0.00	ADD : Supervision Overheads at 20% of total expenditure #	37.81	38.72	25.80	31.29	149.37	ADD : Overheads at 20% of total expenditure (towards water charges, power cost, legal expenses, etc..) #	37.81	38.72	25.80	31.29	149.37	Total -B	264.68	271.07	180.59	219.02	1,045.62	Net Surplus (A - B)	777.37	723.51	876.90	959.83	3,227.35
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	<p>(ix). (a). The CHPT has estimated income arising out of Estate activity at Rs.19.78 Crores, Rs.21.76 Crores and Rs.23.17 Crores for the years 2008-09 to 2010-11 at the existing tariff and at the proposed tariff as compared to the actuals of Rs.24.77 Crores for the year 2007-08. CHPT to state the reason for drop in the estimated estate income for the years 2008-09 to 2010-11 as compared to that of the year 2007-08.</p>	<p>The actual income earned for the Estate Rental activity for the year 2007-08 and 2008-09 was Rs.24.71 Crores and 18.63 Crores respectively. The drop in the estimated income is mainly due to non receipt of Annual Land lease Rent from M/s.CCTPL consequent to the Arbitration award which has been challenged by Chennai Port Trust in the Hon'ble High Court of Madras. Further, non-refundable premium on land lease and way leave charges received from M/s.CITPL during 2007-08 is one time payment payable prior to commencement of the Licence period which has not been projected in subsequent two years.</p>																																																																								
	<p>(b). CHPT to confirm whether it has considered the estate income receivable from the CITPL in the estimates for all the years under consideration.</p>	<p>The estate income receivable from M/s CITPL has been considered in the estimates for all years.</p>																																																																								
	<p>(c). The CHPT has filed a proposal separately before this Authority vide its letter No. TAMP/47/2008-CHPT, dated 18 September 2008 for upward revision of its estate rentals. The impact of the proposed upward revision of estate rentals may be considered in the cost statements.</p>	<p>The revision separately proposed for Estate Rentals based on New Land Policy have not been considered in the cost statements since many of the users have objected to it stating that the rate is on higher side.</p>																																																																								
	<p>(x). The CHPT has stated that the port will be generating additional revenue of Rs.130.70 Crores, Rs.136.10 Crores and Rs.143.80 Crores due to the proposed revision of its Scale of Rates for the year 2008-09 to 2010-11 respectively. However, the financial / cost implications as shown in the consolidated cost statement furnished</p>	<p>The additional revenue originally proposed was applied as a percentage of revision on the income earned on the activities / sub-activities during the year 2007-08, whereas the revenue now projected is based on the volume of cargo that can be handled and by applying the % of revision after due cross-subsidisation.</p>																																																																								

	by CHPT shows a revenue increase of Rs.99.18 Crores, Rs.104.10 Crores and Rs.109.27 Crores for the said three years respectively at the proposed tariff level.	
5.	<p><u>Operating Expenditure</u></p> <p>(i). Generally, the estimated total operating cost for the year 2008-09 is found to be around 40% more than actuals for the year 2007-08. Further, the operating cost estimated for the year 2009-10 and 2010-11 is more by around 12% over the respective previous years. The expenditure projections should be in line with the traffic adjusted for price fluctuation with reference to current movement of Wholesale Price Index vide Clause 2.5.1 of the tariff guidelines of March 2005. Since the year 2008-09 is already over actuals for 2008-09 may be furnished. The estimates for the subsequent years may be reviewed based on the actuals for the year 2008-09.</p>	The estimates of operating expenditure have been reviewed based on the actuals for the year 2008-09. Accordingly Expenditure has been projected from 2009-10 to 2011-12 assuming an increase of 5.8% over 2008-09.
	(ii). Form – 3B requires major port trusts to furnish workings for the actual / estimated power cost and fuel cost. No such workings have been submitted. CHPT to furnish workings for the estimates of power cost and fuel cost for all the years under consideration.	As per the accounting system the required particulars of the actual/estimated power cost and fuel cost for various equipments are not available and hence the same could not be furnished.
	(iii). The actual / estimated dredging cost has not been furnished in Form – 3B.	The actual/estimated dredging cost is now furnished in Form – 3B.
	(iv). The break-up of the actual / estimated Repairs & Maintenance cost in terms of Repairs to Machinery, Repairs to Buildings and others, as stipulated in Form – 3B, may be furnished.	As per the present accounting system the break-up of repairs and maintenance cost in terms of repairs to Machinery, Buildings are not available.
	(v). (a). CHPT to confirm whether the computation of depreciation for all the years under consideration is as per Clause 2.7.1. of the tariff guidelines of March 2005.	The computation of depreciation of assets is done by straight line method following the life norms adopted as per the Companies Act. (However, the CHPT in it revised proposal of June 2010 stated that depreciation is calculated on straight line method as per the life norm fixed by the Ministry of shipping and depreciation as per the Companies Act could not be adhered in view of the difficulty in comparing the same with the books of account).
	(b). CHPT to furnish a detailed working for computation of depreciation for all the activities separately and the port as a whole.	The computation of depreciation for all the activities is enclosed which is based on the V.R. Mehta Committee recommendations. The relevant extracts of the Committee's recommendation is furnished. (Information furnished by CHPT is with reference to assetwise / activitywise depreciation. No workings have been furnished)
	(c). The total depreciation shown in Form – 3B(Details of Expenditure) and Form – 4A (capital employed) for	The total depreciation shown for the year 2010-11 in Form 3B (Details of Expenditure) corrected as per the depreciation shown in Form 4A. The depreciation shown in

	<p>each of the years 2006-07 to 2010-11 do not tally with the depreciation shown in Form – 3A (consolidated cost statement for the port as a whole). Likewise, the total depreciation shown for the year 2010-11 in Form – 4A do not tally with the depreciation shown in Form – 3B for the year 2010-11. CHPT to reconcile the differences.</p>	<p>Form 3A (column III) (consolidated cost statement for the Port as a whole) represents the depreciation for the main activities namely, Cargo Handling, Port & Dock, Estate Rentals and Railway. The depreciation pertaining to Management & General Overheads activity is included in column IV and apportioned to all activities/sub activities.</p>
	<p>(vi). (a). CHPT to indicate the basis of allocation of management & General overheads to various activities / sub-activities.</p>	<p>The basis of apportionment of Management and General Overheads to various activities and sub activities is according to V.R. Mehta Committee recommendations. The relevant extracts of the Committee's recommendation is enclosed and cost sheet for the year 2008-09 prepared as per the V.R. Metha Committee's recommendation is also furnished for reference.</p>
	<p>(b). During the last general revision of its Scale of Rates in March 2006, the estimates of Management and General Overheads for the years 2005-06, 2006-07 and 2007-08 was 61%, 59% and 59% of estimated operating cost of the respective year. While the actual operating cost for the said three years is more or less comparable with the estimated operating cost of the respective years, the actual Management & General Overheads for the respective years has shot upto 68%, 76% and 79% respectively. Further, the estimated overheads for the years 2008-09 to 2010-11 works out to 62%, 58% and 55% of the estimated operating cost. CHPT to furnish the reason for steep increase in Management & General Overheads especially when this authority advised CHPT to take effective steps to reduce overheads vide para 12 (xxx) of order dated 7 March 2006.</p>	<p>The reason for steep increase in Management & General Overheads is due to increase in Salaries & Wages on account of implementation of 50% D.A. Merger to the trust employees of management departments w.e.f. 1.1.2007, increase in expenditure towards contribution to CISF and Provision towards audit fees due to implementation of 6th Pay Commission, increase in contribution of IPA on account of increase in estimated expenditure of Indian Institute of Port Management, National Maritime Academy and Major Ports Sport Council Board, increase in Medical expenditure due to increase in no. of patients, increase in Advertisement expenses for auction/tender notice etc.</p>
	<p>(vii). CHPT to furnish the basis of apportionment of Finance & Miscellaneous Income and Finance & Miscellaneous Expenditure to the main activities and sub activities.</p>	<p>Apportionment of F&M Income to the Principal activities / sub-activities is in proportion to the direct income allocated to such activities/sub-activities. The apportionment of F&M expenditure to the activities/sub- activities is in proportion to Direct expenditure including depreciation of such activities / sub-activities.</p>
	<p>(viii). (a). The nature of prior period income accounted for the years 2005-06 to 2007-08 and prior period charges booked for the years 2005-06 to 2007-08 may be brought out.</p>	<p>Statement showing the nature of Prior Period Income & Expenditure for the years 2005-06 to 2007-08 is furnished. (Nature of prior period income is indicated in the earlier part of this note. Prior period expenditure is generally found to be relating to Pay & Allowances, over time, travelling allowance claims, Haulage charges payable to Southern Railway, Bank Charges, Vehicle hire charges, etc., It also includes provision for payment of Income Tax for the year 2006-07 to the tune of Rs.147.16 lakhs)</p>
	<p>(b). The reason for estimating Rs.5 Crore each for the years 2008-09 to 2010-11 towards prior period income</p>	<p>The Prior Period Income of Rs.102 Crs. for the FY 2007-08 is not likely to be received during 2008-09 to 2011-12, hence an estimate of Rs.5.00 Crs. has been made as</p>

	as against the actual of Rs.102 Crores for the year 2007-08 may be clarified.	provision for the future years 2008-09 to 2011-12.
	(ix). The items considered under "others" in Finance & miscellaneous expenditure may be listed out with values for all the years under consideration.	The items considered under "others" in F&M expenditure has been listed out and furnished. (The Separate Annex furnished by CHPT in this regard lists out the items considered under finance & miscellaneous expenditure. It does not make any mention about "others")
	(x). (a). It appears from the actuals for the year 2005-06 to 2007-08, the estimated expenditure towards Pension Fund and Gratuity Fund for the year 2008-09 to 2010-11 are the contributions to Pension Fund and Gratuity Fund. In this regard, the CHPT may clarify whether the contributions to Pension Fund and Gratuity Fund are annual contribution to the Pension / Gratuity Fund to meet the current liability of the existing pensioners towards pension payment and future liability towards pension and gratuity to the existing employees based on actuarial valuation.	The Trust agrees to make contributions to the Fund as provided in the relevant regulations framed & approved by Ministry and also based on the actuarial valuation as per the Life Insurance Corporation to meet future liabilities and the Trustees shall utilize the same for payment of Pension in accordance with the rules.
	(b). Contribution to Gratuity Fund for the year 2006-07 is shown as Rs.500 lakh in the cost statement as against the actuals of Rs.905 lakhs reflected in the annual accounts for the year 2006-07.	Contribution to Gratuity Fund for the year 2006-07 has been erroneously shown as Rs.500 lakhs in the cost statement as against the actuals of Rs.905 lakhs and the same has been rectified in the revised cost statement.
III.	<u>Cost Statement (General Cargo including storage)</u>	
1.	The cost statement for this sub-activity includes the cost position for on-board stevedoring and clearing & forwarding operations. CHPT to furnish a separate cost statement for on-board stevedoring and Clearing & Forwarding operations.	As per the Accounting system the expenditure towards on board stevedoring and clearing & forwarding operations are not accounted separately and hence, a separate cost statement for the said activity could not be furnished.
2.	The CHPT has estimated to handle 39.50 Million Tonnes of cargo other than POL and iron ore in the year 2008-09 as compared to 33.65 million tonnes in the year 2007-08. This works out to around 17% increase in traffic during the years 2008-09 as compared to the year 2007-08. However, the increase in the estimated cost of fuel, Repairs & Maintenance and others in the year 2008-09 works out to 100%, 60% and 50%, respectively. CHPT to justify the increase considered in the estimates keeping in view the projected traffic.	The estimated operating expenditure for the years 2009-10 to 2011-12 in respect of General Cargo including storage activity has been reviewed in the light of actuals for the year 2008-09 and as per Tariff guidelines. The operating expenditure for this activity has been considered by assuming an increase of 5.8% over actuals 2008-09 under Expenditure head. Hence, the operating expenditure projection has not been linked to the traffic projections as indicated by TAMP.
3.	The total estimated operating expenditure for each of the years 2009-10 and 2010-11 is more around 19% and 18% over the respective previous years. The estimated operating expenditure for the year 2009-10 and 2010-11 may be	

	reviewed in the light of actuals for the year 2008-09.	
IV.	Cost Statement (Iron Ore)	
1.	The CHPT has estimated to handle 12.08 Million Tonnes of iron ore during the year 2008-09. This works out to around 6.60% increase over the actual iron ore traffic for the year 2007-08. Though there is no substantial increase in the estimated iron ore traffic in the year 2008-09, the salary and wages, Repairs & Maintenance and others have been estimated more by 37%, 86% and 41% respectively as compared to the actuals of the corresponding expenditure items for the year 2007-08. CHPT to review the estimates and furnish the actuals for the year 2008-09. The estimates for the subsequent years may be modified, if necessary.	The actual tonnage of Iron ore handled during 2008-09 is 11.50 MT of iron ore, which has been wrongly mentioned as 12.08 MT in TAMP letter. The cost sheet for the said activity has been updated with Actuals 2008-09 and the estimates for the subsequent years have been modified accordingly.
2.	The apportioned Management & General overheads to this sub activity works out to 44% of the estimated Management & General Overheads of the main activity each for the year 2008-09 to 2010-11, which may be justified.	As the actual operating expenditure in respect of iron ore activity has shown increase every year, the estimates for the future years also have been projected accordingly. Based on the estimated increased projection, the Apportionment of Management & General Overheads pertaining to this activity has been done. The operating expenditure for this activity has been considered by assuming an increase of 5.8% over actual 2008-09 under Expenditure head. Hence, the operating expenditure projection has not been linked to the traffic projections as indicated by TAMP.
3.	The actual apportioned Management & general Overheads of this sub-activity as a percentage of total operating cost of this sub-activity was 103%, 117% and 127% for the year 2005-06 to 2007-08. In the estimates for the years 2008-09 to 2010-11, this is seen to be at 93% each for the said three years. CHPT to explain the reasons for high level of incidence of the overheads.	
V.	Cost Statement (POL)	
1.	The CHPT has estimated the POL traffic at a higher level of 13 million tonnes for the year 2008-09 as compared to the actuals of 12.72 Million tonnes for the year 2007-08. That being so, the reason for drop in the estimated operating income for the year 2008-09 as compared to the actual operating income for the year 2007-08 may be explained.	The operating income estimated in the years 2009-10 to 2011-12 has been reviewed based on revised traffic projection for the corresponding year. The projection towards operating expenditure for the future years also reviewed based on actuals 2008-09 and as per Tariff guidelines.
2.	Though no substantial increase in traffic is estimated for the year 2008-09 as compared to the actual traffic for the year 2007-08, the reason for estimating salary & wages, power, fuel, repairs & maintenance and others more by 38%, 17%, 28%, 14% and 69%, respectively, as compared to the actuals for the year 2007-08 of	The operating expenditure for this activity has been considered by assuming an increase of 5.8% over actual 2008-09 under Expenditure head. Hence, the operating expenditure projection has not been linked to the traffic projections as indicated by TAMP.

	the respective expenditure items may be explained.	
VI.	Cost Statement (Berthing & Mooring) CHPT to explain the reason for steep fall in the estimates of fuel cost and Repairs & Maintenance cost for the year 2008-09 by around 25% and around 69% respectively as compared to the actuals for the year 2007-08 in the Berthing activity.	The cost statement for Berthing Mooring activity has been reviewed based on actuals 2008-09 and furnished vide Form 5 B (iii).
VII.	Cost Statement (Railway activity)	
1.	CHPT to explain the reasons for drop in the estimates of operating income for the year 2008-09 as compared to the actuals for the year 2007-08.	The cost statement for Railway activity has been reviewed based on revised Traffic Projection and actuals 2008-09 and furnished vide Form 5 c (i).
2.	CHPT to furnish actuals for the year 2008-09 and review the estimates for the subsequent years, if necessary.	
VIII.	CAPITAL EMPLOYED:	
1.	The cost statement shows that Rs.16.39 crores each is proposed to be invested on plant & machinery and buildings, sheds and other structures during 2008-09 to 2010-11. It is not clear how the same amount of Rs.16.39 crores have been estimated under all categories for all the three years. The list of assets to be added to the gross block and the yearwise commissioning of the assets may be furnished.	The list of assets added to the Gross Block and details of year-wise commissioning of assets are furnished. (A separate statement furnished by CHPT in this regard gives details of items capitalised during the year 2008-09.)
2.	Details of project/feasibility reports relied upon for taking the investment decisions referred to at para 1 above along with the summary of the recommendations contained in those reports may be furnished for perusal.	
3.	CHPT to furnish documentary proof for the assets added during the year 2008-09. Also furnish the present status of the execution of projects envisaged in 2009-10 to 2010-11.	The documentary proof for the addition of the asset during the year 2008-09 and the present status of the execution of Projects envisaged in 2009-10 to 2010-11 are furnished.
4.	The basis of apportionment of capital employed i.e. net fixed assets and working capital amongst various activities and sub activities may be indicated.	The working showing the basis of apportionment of capital employed to various activities/sub activities is furnished. (The information furnished by CHPT in this regard relates to the year 2008-09 listing out the activitywise value of assets. It does not give the basis of apportionment of capital employed to various activities / sub-activities).
5.	CHPT is advised that in case the working capital shows a negative figure, it can be treated as zero.	The working capital showing a negative figure has been treated as zero and no adjustment to the net fixed assets have been carried out in the Form 4A – Capital employed for the Port.
6.	Form – 4B of tariff filing forms requires the major port trusts to furnish details of additions to Gross Block. No such details have been furnished by CHPT.	The details of additions to the gross block for the year 2008-09 available in the depreciation book enclosed. The execution of projects envisaged in 2009-10 to 2010-11 are as per the XI Plan and the details are furnished.
7.	It may be noted that only completed and commissioned assets alone will be counted for capital employed and	Completed and commissioned assets alone are counted for capital employed.

	work-in-progress should be excluded. A confirmation in this regard may be furnished.	
8.	Assets handed over to BOT operators and in their control should not be included in the cost statements. CHPT to confirm this position.	The Assets handed over to BOT operators have not been included in the cost statements.
IX.	SCALE OF RATES	
1.	Clause 6.10 of the tariff guidelines of March 2005 stipulates prescription of a three slab structure for pilotage fee. Further, the unit rate of pilotage fee should reduce for increasing GRT slabs so that it would remain attractive to larger size vessels. In the last revision of Scale of Rates of CHPT in March 2006, this Authority while allowing as a one time measure to continue with the (then) existing six GRT slabs for Iron Ore vessels and non-Iron Ore vessels advised the CHPT to introduce suitable rationalization of this tariff item at the time of the next review. In this regard, paragraph No. 12 (xxiii) of Order dated 7 March 2006 may be referred to. However, the CHPT has not proposed the pilotage fee as per the requirement of the tariff guidelines of March 2005. CHPT to rationalize this tariff item as per the stipulation of revised tariff guidelines.	The present six slab rate for Pilotage has been arrived at based on users consensus during the last revision of Scale of Rates since a single rate was objected to by users.
2.	CHPT has proposed to introduce a clause, with conditionalities, for lodging deposits by the parties for withdrawal of the goods from auction sale. The port has stated that a clause akin to it was in existence in its SOR of the year 1992. The circumstances under which the clause said to have been in existence in the past was deleted may be elaborated. The present arrangement in this respect may also be informed. Since auction sale is not an activity covered under the existing SOR, CHPT to review its proposal in this regard.	The Trade as and when they are ready to clear the cargo, which are already included in the auction list. In absence of relevant provision in the Scale of Rates, Trade is not coming forward to deposit the demurrage charges up to the probable date of clearance. But they insist port to remove the cargo from auction list or to withhold the cargo from auction stating that the provision of making the deposit is not available in the Scale of Rates. Therefore, the clause is required to be incorporated in the Scale of Rates.
3.	For calculating the gross weight or measurement by volume or capacity of any individual item, in the existing arrangement fraction upto 0.5 is taken as 0.5 unit and fraction of 0.5 and above is taken as one unit. The problems faced in the existing arrangement may be highlighted.	There is no problem faced in the existing arrangements of rounding off and hence the existing system may continue.
4.	Against the existing rate of Rs.46.32, Rs.79.92, Rs.142.80 and Rs.210.00 (all for foreign)for packages weighing upto 1 Tonne, 5 Tonnes, 10 Tonnes and 15 Tonnes respectively, the Port	The proposed single rate is based on TAMP's guidelines to make the tariff structure simple and also for administrative reasons. For example, for utilization of Cranes of different capacities permission have to be granted by the officials concerned for utilization of Cranes under each category.

	<p>has proposed a single rate of Rs.162 per hoist as hire charges for mobile cranes and fork lift trucks. It is stated that the proposal is for simplifying the tariff structure and to remove different interpretations by different persons with regard to the supply and use of the cranes and also to eliminate the need for obtaining various permissions by the users. The difficulties encountered in interpreting the existing slab rates and the different permissions that have to be obtained by users now may be elucidated.</p>	<p>The proposed clause/rate shall obviate the need for the above.</p> <p>[In draft Scale of Rates submitted with revised proposal dated 24 June 2010, CHPT retained the slabs, as per existing Scale of Rates and revised the rates to Rs.60.25, Rs.103.90, Rs.185.65 and Rs.273.00 respectively]</p>
5.	<p>In para 12 (xxiv) (f) of this Authority's Order dated 7 March 2006, CHPT has been informed about the requirement of phasing out, within a maximum period of five years from 2005, the advalorem wharfage rates. In the draft Scale of Rates submitted by CHPT, the wharfage schedule still appears to be a basket of tonnage / volume based / advalorem rates. CHPT to explain why it could not adhere to the requirements as specified in the revised tariff guidelines.</p>	<p>This rationalization of Wharfage charges, converging the Wharfage Schedule from three different unit based in to one single unit based has to be done taking into account various costing. There is no objection to rationalize the wharfage schedule into single unit based. This would lead to simplification, easy to understand and will be user friendly.</p>
6.	<p>The CHPT has proposed differential rates of wharfage for different cargo. In this regard, this Authority advised CHPT to initiate the process of rationalizing wharfage schedule gradually vide paragraph no.12 (xxiv) (g) of Order dated 7 March 2006. The CHPT to intimate the steps taken for rationalizing the wharfage schedule.</p>	<p>Though rationalization of Wharfage is a welcome step there are some difficulties in combining all the three categories viz., Weight based, Volume based and Value based in to a single common rate.</p>
7.	<p>To allow private cranes at the request of the users for port operations the CHPT has proposed charges at 10% of the proposed hire charges. The proposed charge may be delinked from the proposed hire charges for port equipment as advised by this Authority vide paragraph no. 12 (xxviii) (d) of Order dated 7 March 2006.</p>	<p>The levy of 10% of hire charges for utilization of private cranes at the request of the users for Port operation cannot be de-linked as the levy of 10% is made on the specific category / capacity of the Cranes. As such, the present clause may be retained.</p>
8.	<p>CHPT has proposed to cancel the license and to levy ten times penalty on the normal license fee where the licensed space is subjected to subletting by the allottee. In this context, CHPT to verify whether subletting the licensed space is permissible as per the land policy of the Government of India communicated under Letter No. PT-17011/55/87-PT dated 8 March 2004.</p>	<p>As per the Land policy, areas falling under the Custom Bound area are allotted on monthly licence basis for a maximum period of 11 months and no sub-let is allowed.</p>

X.	MISCELLANEOUS	
1.	<p>The action taken by CHPT with reference to clause 7 (Regulation of charges by other authorized service providers) of the revised tariff guidelines may be explained. It is relevant here to invite attention of CHPT to the d.o. letter No. TAMP/3/2006-Misc. dated 29 September 2006 of Shri A.L. Bongirwar, the (then) Chairman (TAMP) addressed to the Chairman, CHPT in this regard. Further, we have vide our letters No. TAMP/52/2002-Misc, dated 15 October 2007, 15 July 2008, 21 July 2008, 31 July 2008, 25 August 2008, 26 November 2008 and 12 March 2009 forwarded to CHPT the requests received from the private parties to approve tariff for equipments deployed by them for operations at CHPT. We have not received the response of CHPT either to the d.o. letter of the (then) Chairman (TAMP) or to our subsequent letters. The CHPT is again to intimate the action on the matter in reference.</p>	<p>It is to state that the Tariff to be fixed for private crane operators for providing services inside the Port shall be on par with the rates levied by the Trust for similar range of cranes. As anything less than the existing Tariff rate of the Trust will wear away the users to utilize private cranes resulting in under utilization of Port's assets.</p>
2.	<p>The comments received from some of the user organizations on the CHPT's rate revision proposal were forwarded to the Port under this office letters dated 13 February, 17 February, 4 March, 12 March and 24 March 2009. The Ports comments thereon are still awaited.</p>	<p>The CHPT has not furnished its feedback on the user comments.</p>

6.2. The CHPT while furnishing its reply to our queries has modified the proposal and cost statements. The main points made by the CHPT in the modified cost statements and the revised proposal are as follows:

- (i). The cost statements have been modified taking the actuals for the year 2008-09 into consideration. The traffic projections and cost statements have been made for the year 2011-12 additionally as the year 2008-09 has already passed by. The traffic projection is as per the Five Year Plan;
- (ii). The expenditure have been projected with an increase of 5.8% over 2008-09 for the subsequent three years;
- (iii). For estimation of income, only the lease rentals of the Second Container Terminal have been taken into account even though the revenue share will become due when the operational phase of the project starts after 8 October 2009;
- (iv). The computation of depreciation is as per the Companies Act;

- (v). The basis of apportionment of Management and General Overheads (MGO) among various activities and sub-activities is done according to V.R. Mehta Committee recommendations. A steep increase in MGO expenses is due to the increase in salaries and wages on account of implementation of 50% DA merger, increase in expenditure towards contribution to CISF, increase in contribution to IPA and others; and
- (vi). The details on the capital assets completed during the year 2008-09 are provided and the schemes proposed for the years 2009-10 to 2011-12 are given. Only the completed and commissioned assets are counted for inclusion in the capital employed.
- (vii). The cost statements furnished exclude the tax liability;
- (viii). The actual surplus before tax and ROCE, as per the revised cost statement for the three years is as below:

Year	Surplus (Rs. crores)
2005-06	22.00
2006-07	90.31
2007-08	241.95
Total	354.26

The surplus for the year 2008-09 is Rs.46.40 crores. The estimated additional surplus for the years 2009-10 and 2010-11 are Rs.227.67 crores and Rs.150.78 crores respectively.

- (ix). The Revenue share / Royalty received from the CCTPL has been accounted separately by allotting a separate account code. The amount received is treated as Port operating income and a separate escrow account is not made as per the accounting policy of the Port.
- (x). The capacity utilisation is linked to ROCE and as per the Guideline, a minimum of 60% capacity utilisation of assets is to be realised to qualify for full ROCE. As per the statement provided by the Port, the capacity utilisation during the years 2005-06 to 2007-08 is more than 90%.

6.3. With the above changes, the net surplus/deficit arising on the basis of the revised cost statements furnished by the Port is tabulated below:

STATEMENT OF SURPLUS/DEFICIT AND TARIFF REVISION PROPOSED (21 august 2009)									
Sl. No	Activities/ Sub activities	Surplus/Deficit						Total surplus/ deficit	Average Surplus /deficit as % of income
		2009-10		2010-11		2011-12			
		Rs. Lakhs	As % of income	Rs. Lakhs	As % of income	Rs. Lakhs	As % of income		
I	Port as whole	24797.73	29.49	21376.82	23.80	14375.30	15.38	60549.85	22.89
II	Cargo Handling	20252.40	37.64	19371.47	34.41	17792.92	30.38	57416.79	34.14333
	a) General cargo	6503.56	31.16	6258.96	28.85	6759.77	28.97	19522.29	29.66
	b) Cranage	0.00	0.00	-109.08	-6.54	-309.95	-19.62	-419.03	-8.72
	c)FC Thangam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
	d) Iron Ore	0.00	0.00	-944.52	-7.54	-2865.75	-24.30	-3810.27	-10.6133
	e)POL	0.00	0.00	-131.68	-4.48	-612.54	-18.66	-744.22	-7.71333
	f)Warehouse	3096.18	72.85	3122.00	71.61	3137.39	70.19	9355.57	71.55
	g)Container Handling	10652.67	94.37	11175.79	94.29	11683.99	93.93	33512.45	94.19667
III	Vessel Related	2271.47	11.28	758.22	3.25	-3106.69	-12.37	-77.00	0.72
	a) Port Dues	2271.46	53.83	1756.43	39.69	1107.24	23.81	5135.13	39.11
	b) Towage and Pilotage	253.67	2.45	-716.31	-6.10	-2785.48	-22.29	-3248.12	-8.64667
	c)Berthing and Mooring	-253.67	-4.57	-281.90	-3.94	-1428.46	-17.96	-1964.03	-8.82333
	d)Salvage and divers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
IV	e) Railways	2050.00	25.12	1272.74	15.77	-220.36	-2.99	3102.38	12.63333
V	f) Estate	223.86	11.17	-25.64	-1.22	-90.57	-3.76	107.65	2.063333

6.4. In the revised proposal dated 21 August 2009, the proposed tariff revision in respect of general cargo was dropped, revision for POL was sought and the percentage of revision proposed in respect of other cargo were modified.

7.1. As the financial year 2009-10 was already completed, the CHPT was requested to update the cost statements with actuals for the year 2009-10 and review the estimates for the years 2010-11 and 2011-12, if necessary. The CHPT was also requested to furnish the estimates for the year 2012-13 so that the revised tariff can be prescribed for the full tariff cycle of 3 years.

7.2. The CHPT submitted the updated cost statements with the actuals for the year 2009-10 and revised the estimates for the years 2010-11 to 2011-12. The projection for the year 2012-13 was also made to take advantage of the three year tariff validity cycle. The main submissions made by the CHPT in the updated proposal are as follows:

- (i). The CHPT updated the cost statements with actuals 2009-10, revised estimates for 2010-11 and 2011-12 and also furnished the estimates for 2012-13.
- (ii). Wage revision impact have been taken into account.
- (iii). Increase for expenditure considered at 5%.
- (iv). Return on capital employed is considered at 16%.
- (v). Depreciation is calculated on straight line method as per the life norm fixed by the Ministry of shipping. The depreciation as per the Companies Act could not be adhered in view of the difficulty in comparing the same with the books of account.
- (vi). The CHPT has sought increase on a few items only based on the projections for the years 2010-11, 2011-12 and 2012-13. The

details of the proposed increase with their financial impact are given below:

Sl. No.	Details	Present rate (in Rs.)	Proposed Rate (in Rs.)	Increase in rate (Rs. / %)	Increase due to revision (Rs. In lakhs)		
					2010-11	2011-12	2012-13
1.	Coal	23.00	30.00	7.00	756.00	793.80	833.00
2.	Fertilizer	28.60	35.00	6.40	68.48	71.68	75.52
3.	Levy	-	-	40% *	1839.00	1929.66	2025.10
4.	Iron ore	85.00	120.00	35.00	3501.75	3678.50	3861.20
5.	Other ores	16.50	20.00	3.50	52.33	54.95	57.68
6.	Cranage	-	-	30%	300.00	330.00	330.00
7.	Berth hire charges	-	-	10%	470.14	494.22	519.25
8.	Towage and pilotage	-	-	10%	1061.89	1114.78	1169.89
9.	Railway haulage charges	-	-	35%	441.35	489.30	515.55
10.	Railway Misc. charges	-	-	35%	399.42	442.05	462.35
11.	Estate Rentals			40%	619.50	689.99	789.68
	Total				9509.86	10088.92	10639.21

- (vii). The rates in respect of some of the commodities / services / equipments have been rounded off to the nearest rupee.
- (viii). The following rebates have been given on vessel related charges in order to attract container main line vessels, with the approval of the Board with effect from 18 January 2010:
- (a). 50% concession for vessels of GRT of 50,001 tonnes and above.
- (b). 30% concession for vessel of GRT of 35,000 tonnes to 50,000 tonne.
- (ix). The CHPT is committed to contribute to few road connectivity projects like Ennore Manali Express Way (Rs.250 Crores), dedicated Elevated Corridor on NH4 from Port to Maduravoyal (Rs.310 Crores) etc. in order to evacuate the cargo by Truck / Tractor mainly containers. Hence, the royalty received from the container terminals may not even be sufficient to meet the said expenditure.
- (x). The CHPT has also envisaged various development schemes for improvement / modernisations of the port for which the expenditure has to be met from internal resources.
- (xi). The revision of pay of Class-I and II Officers is also due to be settled and expected additional annual burden on account of pay would be around Rs.7 Crores apart from the arrears to be paid from 1 January 2007.
- 7.3. The net surplus / deficit position reflected in the revised cost statement for port as a whole as well as for main / sub-activities is tabulated below:

STATEMENT OF SURPLUS/DEFICIT AND TARIFF REVISION PROPOSED (24 JUNE 2010)									
Sl. No	Activities/ Sub activities	Surplus/Deficit						Total surplus/ deficit	Average Surplus/ deficit as % of income
		2010-11		2011-12		2012-13			
		Rs. Lakhs	As % of income	Rs. Lakhs	As % of income	Rs. Lakhs	As % of income		
I	Port as whole	-10848.8	-14.46	-13192.8	-16.71	-16071.3	-19.49	-40112.9	-16.8867
II	Cargo Handling	-4469.02	-9.21	-5913.75	-11.62	-7638	-14.35	-18020.8	-11.7267
	a) General cargo	-3972.29	-24.69	-4803.13	-28.43	-5731.84	-32.35	-14507.3	-28.49
	b) Cranage	-778.56	-77.86	-814.44	-74.04	-965.66	-87.79	-2558.66	-79.8967
	c)FC Thangam	-923.75	-659.82	-1003.62	-669.08	-1096.18	-730.79	-3023.55	-686.563
	d) Iron Ore	-2453.25	-23.49	-2915.43	-26.63	-3420.15	-29.82	-8788.83	-26.6467
	e)POL	984.56	34.44	977.07	32.52	968.36	30.71	2929.99	32.55667
	f)Warehouse	2674.37	62.93	2645.8	60.68	2607.46	58.33	7927.63	60.64667
	g)Container Handling	13026.89	94.72	13641.17	94.47	14291.99	94.27	40960.05	94.48667
III	Vessel Related	-1969.31	-9.71	-2684.78	-12.6	-3618.18	-16.3	-8272.27	-12.87
	a) Port Dues	2358.3	47.51	2402.71	46.03	2260.61	42.61	7021.62	45.38333
	b) Towage and Pilotage	-1349.88	-12.71	-1732.35	-15.54	-2131.01	-18.22	-5213.24	-15.49
	c)Berthing and Mooring	-2976.04	-63.3	-3353.29	-67.85	-3745.76	-72.14	-10075.1	-67.7633
	d)Salvage and divers	-1.69	0	-1.86	0	-2.03	0	-5.58	0
IV	e) Railways	-3597.44	-76.8	-3397.64	-76.83	-4139.93	-81.56	-11135	-78.3967
V	f) Estate	-813	-52.49	-779.88	-45.21	-675.2	-34.2	-2268.08	-43.9667

7.4 The CHPT has also modified the quantum of revision sought earlier in the Scale of Rates vide proposals dated 18 September 2008 and 21 August 2009. A comparative position of tariff revision sought by the CHPT in its earlier proposals mentioned above and its revised proposal dated 24 June 2010, are tabulated below:

Sl. No.	Activity / Cargo	Revision proposed over existing SOR		
		Original Proposal (18 Sep. 2008)	Modified proposal (21 Aug. 2009)	Updated proposal (24 June 2010)
1.	General Cargo	20%	--	--
2.	Coal	--	--	30%
3.	Fertiliser	--	--	22%
4.	Levy	--	--	40%
2.	Cranage & FLT	5%	30%	30%
3.	FC Thangam	--	--	--
4.	Iron ore	45%	40%	41%
	Other ores	--	--	21%
5.	POL	--	30%	--
6.	Warehouse	--	--	--
7.	Port Dues	--	--	--
8.	Towage & Pilotage	10%	30%	10%
9.	Berthing & Mooring	10%	30%	10%
10.	Salvage & Divers	--	--	--
11.	Railways (Haulage & Misc. Charges)	110%	15%	35%

8.1. A joint hearing in this case was held on 29 June 2010 at the Chennai Port Trust premises. The CHPT made a power point presentation of its revised proposal. At the joint hearing, CHPT and the concerned user organisations/ bodies made their submissions.

8.2. At the joint hearing, the CHPT was advised to furnish the analysis of past performance and setting off the past surplus, if arises, in future tariff. The CHPT has also agreed to circulate its revised proposal to users on the same day. Subsequently, the CHPT has informed that the revised proposal of the CHPT has been circulated to the concerned users for comments.

8.3. We have not received any comments from the users / user organisation on the updated proposal of the CHPT.

9. Subsequently, the CHPT has furnished the following details vide its e-mails dated 11 October 2010 and letter dated 12 October 2010:

- (i) Date-wise US\$ buying rates from 1 April 2009 to 30 September 2010 reportedly considered by the port for levy of vessel related charges in terms of Indian Rupees. The CHPT also furnished the vessel related income earned from foreign going vessels in the year 2009-10 in US \$ terms.
- (ii) Details of actual prior period income and prior period expenses for the years 2008-09 and 2009-10 as given below:

(Rs. In crores)

Year	2008-09	2009-10
Prior period Income	13.15	5.07
Prior period Expenses	76.02	21.97

- (iii) Details of income received on account of pollution levy and expenses incurred therefor during the years 2007-08 to 2009-10.

(Rs. in lakhs)

Particulars	2007-08	2008-09	2009-10	Total
Income	1109.87	1057.49	1178.85	3346.21
Expenses	710.20	624.86	760.99	2096.05
Supervision overheads @ 20% of expenses	142.04	124.97	152.20	419.21
Overheads @ 20% towards water charges, power cost, etc.)	142.04	124.97	152.20	419.21
Total Expenses	994.28	874.80	1065.39	2934.47
Net Surplus	115.59	182.69	113.46	411.74

- (iv) The actual salaries shown in Form 3 B for 2009-10 does not include the impact / provision for pay revision of Class-I & II officers. The officers' salary revision has been finalised only during July 2010 and the annual increase in salaries on this account is around Rs.10 crores. The CHPT has requested to consider this impact in the estimates for the year 2010-11 while finalising the proposal.

10. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the comments received and arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>

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

- (i). The existing Scale of Rates (SOR) of CHPT was approved in March 2006 with the validity till 31 March 2008. At the request of the CHPT in April 2008, the validity of the SOR approved in March 2006 was extended till 30 September 2008 advising the port to file the proposal immediately for general revision of its SOR. The proposal filed by the CHPT for general revision of its tariff in piecemeal in September 2008 and January 2009 with estimates for the years 2008-09 to 2010-11 was taken up for consultation with the concerned users in February 2009. The users furnished their comments on the proposal of CHPT and the comments of the users were forwarded to the port as feedback information. However, we do not have the benefit of the views of CHPT on the issues raised by the users.

The port while responding to the queries on its proposal raised by us in May 2009, furnished a revised proposal in August 2009. As the financial year 2009-10 was over, and at our request, the CHPT filed a further revised proposal dated 24 June 2010 updating the cost statements with actuals for the year 2009-10 and including estimates for the year 2012-13. The port has reported that it has circulated the revised proposal of June 2010 to the concerned users as per the decision taken in the joint hearing held on 29 June 2010. None of the users have furnished their comments on the revised proposal. Incidentally, the validity of the existing SOR was extended at the request of the CHPT from time to time, till 30 September 2010, with a condition that the additional surplus over and above the admissible cost and permissible return accruing to the CHPT for the period after 1 April 2008 will be setoff fully in the tariff to be fixed for the next cycle. The revised proposal of June 2010 is taken up for consideration in this analysis.

- (ii). The existing tariff of the CHPT was fixed in March 2006 relying on the estimated financial / cost position for the years 2006-07 and 2007-08. As mandated by clause 2.13 of the tariff guidelines of March 2005, this Authority is required to review the actual physical and financial performance of the Major Ports / Private Operators thereat, at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing prevailing tariff. Incidentally, the cost position for the year 2005-06 was at the estimate stage while passing the tariff Order of March 2006. The CHPT has operated the facilities during the years 2008-09 and 2009-10 applying the tariff fixed in March 2006. Therefore, the actual physical and financial performance of the CHPT during the years 2006-07 to 2009-10 are discussed in the following paragraphs along with the position for the year 2005-06.
- (iii). The actual financial / cost position for the years 2005-06 to 2009-10 are considered as reflected in the audited annual accounts of the port. The working capital is considered as per the norms prescribed in the tariff guidelines of March 2005. The return on capital

employed at the applicable rates in relation to business assets and business related assets for the respective years is considered. The following position emerges:

- (a). In respect of the year 2005-06, the actual position shows that the port had handled a total traffic of 35.49 million tonnes as compared to the estimated traffic of 38 million tonnes. The actual net deficit after return works out to around Rs.1 crore showing improvement in the estimated net deficit of Rs.105 crores. There is no significant variation in the traffic, operating income and operating expenses. The actual capital employed position has come down to around Rs.564 crores as against the estimated position of around Rs.632 crores. Consequently, the depreciation and return on capital employed has come down and account for Rs.19 crores in the variation. The variation in Finance and Miscellaneous expenses (Net) account for Rs.50 crores and the remaining Rs.36 crores is towards receipt of royalty / revenue share from the BOT operator. This explains the reason for improvement in the deficit position from Rs.105 crores to Rs.1.22 crore.

- (b). In respect of the years 2006-07 to 2007-08, the aggregate actual traffic handled by the port is reported at 78.35 million tonnes, as against the estimated aggregate traffic of 78.81 million tonnes, registering marginal negative variation of 0.58%. The actual net surplus after return for the said two years comes to Rs.233.25 crores as against the estimated deficit position of around Rs.1 crore.

The main reason for such huge improvement in the surplus position is due to the prior period income of about Rs.102 crores accounted in the year 2007-08 under Financial & Miscellaneous income. Further scrutiny of the prior period income for the year 2007-08 revealed that it comprised of the following two major items apart from receipts like income tax refund, etc.

- (i) Compensation for non achievement of non-transshipment traffic received from CCTPL for the years from 2003-04 onwards with interest amounting to Rs.52.04 crores

- (ii) Interest received from the Ennore Port Limited (EPL) on land cost to the tune of Rs.15.82 crores.

The compensation and interest received from CCTPL relating to arrear receipts from the year 2003-04 onwards cannot be considered as a regular item of income arising from the tariff fixed earlier. The cost of land which appears to have been allotted to EPL is not covered under this exercise. That being

so, the above two items of prior period income, totally amounting to Rs.67.86 crores, accounted by the ChPT in the year 2007-08 appear to be on account of unusual and abnormal receipts besides the tax refund of Rs.9.45 Crores in 2006-07 and 2007-08. It is to be noted that tax liability is not recognised while fixing tariff and, therefore, tax refund is also not considered.

If the comparative position in respect of the parameters relating to financial performance excluding the above abnormal items is seen, the positive variation in operating income, operating expenses and capital employed works out to 15.34%, 4.15% and 16.70% respectively. Clause 2.13 of the tariff guidelines of March 2005 while prescribing performance variation of + or – 20% for adjustment of past surplus, stipulates review of both physical and financial performance. In this case, while the physical performance shows a negative variation of 0.58%, the key parameters of financial performance like operating income, operating expenses and capital employed shows a positive variation ranging from 4% to 16%.

- (c). The validity of the existing SOR expired on 31 March 2008 and the extension granted beyond this date was subject to the stipulation of setting off of the full benefit accruing to the port, if any. Keeping this stipulation in view the actual performance of the port during the years 2008-09 and 2009-10 is analysed.

During these two years, the port has handled actual traffic of 36.91 MT and 37.59 MT respectively. The operating income, operating expenditure, overheads, finance & miscellaneous income and finance & miscellaneous expenditure, depreciation and net fixed assets are considered as reflected in the audited annual accounts of the CHPT for the two years. The finance and miscellaneous expenses over the finance and miscellaneous income is Rs.78.09 crores and Rs.104 crores respectively during the said two years. The main reason for this huge negative variation is due to accounting of Rs.70 crores as prior period expenditure during 2008-09 as refund be made to the CCTPL towards lease rental charges based on the Arbitration Award in a dispute between the Port and the CCTPL and payment of Wage Revision Arrears to Class III & IV employees to the tune of Rs.53 crores and enhancing the pension contribution and gratuity contribution by about Rs.33 crores in 2009-10 compared to the contributions made during the previous year. Accordingly, the position of net surplus / (deficit) before return shows a surplus of Rs.22.19 crores for the year 2008-09 and a deficit of

Rs.52.76 crores for the year 2009-10, resulting in a aggregate net deficit of Rs.30.57 crores for the said two years.

The Net block of fixed assets for the year 2008-09 is reckoned with as per the position reflected in the audited annual accounts.

Clause 2.8.3 of the tariff guidelines March 2005 stipulates that the revenue share / royalty receivable by the landlord Port Trust should be applied first to meet cost of surplus labour, if any and atleast 50% of the balance should be maintained in an Escrow Account for creation / modernization of port infrastructure facilities within a period of 5 years. The accruals in Escrow Account will not be treated as revenue of the port for tariff fixing exercise and the expenses incurred for infrastructure development out of this Escrow Account will not qualify for ROCE. The guideline further stipulates that the entire accrual will be taken as revenue of the port for tariff fixation if the funds in the Escrow Account are found to have been not utilized for the stated purpose within the stipulated time.

During the last general revision of its SOR, the CHPT had agreed to create and maintain an Escrow Account for recording inflows of royalty receipts from private operator and the outflows to meet expenditure on account of infrastructure development. Accordingly, 50% of the estimated royalty / revenue share receipts were considered as income of the port in the tariff order of March 2006 and the balance amount was required to be maintained in Escrow Account by the port. This Authority had advised the CHPT to utilize the accruals in the Escrow Account in the manner prescribed in the revised tariff guidelines and furnish the details of the transactions in the Escrow Account during the next general review of its tariff. However, the CHPT has not furnished details of the Escrow Account. To a specific query the CHPT has stated that creation of separate Escrow account is not as per the accounting policy of the port and hence no Escrow Account is maintained.

The CHPT has not furnished details linking the actual expenditure incurred on infrastructure development to the actual royalty / revenue share receipts from the years 2005-06. The tariff guidelines are binding on this Authority. Therefore, at least 50% of the royalty / revenue share receipt are required to be adjusted against expenditure incurred towards infrastructure development.

The tariff to be fixed for CHPT for the next tariff cycle is upto the year 2012-13. Tariff guidelines stipulate a time limit of 5

years for utilisation of the royalty / revenue share receipts transferred to Escrow Account. That being so, 50% of the royalty / revenue share receipt pertaining to the years 2005-06, 2006-07, 2007-08 and 2008-09 should be utilised for creation of infrastructure assets atleast by the years 2009-10, 2010-11, 2011-12 and 2012-13 respectively. Accordingly, 50% of the royalty / revenue share receipts for the years 2005-06 to 2008-09 which works out to Rs.3598.34 lakhs, Rs.4300.04 lakhs, Rs.5086.76 lakhs and Rs.5785.07 lakhs respectively have been adjusted against the capital expenditure incurred / estimated to be incurred in the respective 5th year, i.e. from 2009-10 to 2012-13. The actual and estimated revenue share receipts, its utilisation and the balance available in the Escrow A/c as at the end of the year for all the years under consideration are given in the following table:

(Rs. in lakhs)

Particulars	Actuals					Estimates		
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Royalty / Revenue share receipts	7196.67	8600.07	10173.52	11570.13	13431.54	14027.06	14923.50	15786.79
Less: 50% considered as income	3598.34	4300.04	5086.76	5785.07	6715.77	7013.53	7461.75	7893.4
Balance transferred to Escrow A/c	3598.33	4300.03	5086.76	5785.06	6715.77	7013.53	7461.75	7893.39
Cumulative balance of Escrow A/c at the end of the year	3598.33	7898.36	12985.12	18770.18	25485.95	32499.48	39961.23	47854.63
Considered towards infrastructure Development	0.00	0.00	0.00	0.00	3598.33	4300.03	5086.76	5298.50
Cumulative position of utilisation	0.00	0.00	0.00	0.00	3598.33	7898.36	12985.12	18283.62
Balance available in Escrow A/c	3598.33	7898.36	12985.12	18770.18	21887.62	24601.12	26976.11	29571.01

As per the annual accounts for the year 2009-10, the actual additions to the gross block for the year 2009-10 is seen to be Rs.63.94 crores. 50% of the actual royalty / revenue share receipt pertaining to the year 2005-06, which is Rs.3598.34 lakhs as stated above, is adjusted against the actual addition of Rs.6394.00 lakhs to the gross block in the year 2009-10 and the balance amount of Rs.2795.66 lakhs will qualify for return thereon. For the subsequent years 2010-11 to 2012-13, the Written Down Value of Rs.3598.34 lakhs is adjusted against the estimated capital employed for the respective years for the purpose of allowing return. There is difficulty in specifically identifying the amount of Rs.3598.34 lakhs to a particular item of addition to the gross block during the year 2009-10. Hence, for the purpose of arriving at the Written Down Value, the annual depreciation on Rs.3598.34 lakhs is calculated at Rs.94.69 lakhs considering the weighted average life period of assets added during the year 2009-10 which works out to 38 years.

Similar approach is adopted for adjustment of 50% of royalty / revenue share receipt relating to the years 2006-07 to 2008-09 in the estimated additions to the gross block in 2010-11 to 2012-13 respectively. The utilisations from Escrow Account for the years 2010-11 to 2012-13 is adjusted against the additions to the gross block for the respective years as shown in the above table and the adjusted value of additions is considered for the purpose of allowing return. Considering the weighted average life period of estimated additions to the gross block of the years 2010-11 to 2012-13, which uniformly works out to 30 years, the Written Down Value of utilisations from Escrow Account for the respective subsequent years is arrived at and adjusted against the estimated capital employed for the respective subsequent years.

The income from cargo handling activity for the year 2009-10 includes an amount of Rs.414.78 lakhs towards handling of coal through semi-mechanised coal handling system. The existing SOR of CHPT does not contain a rate for this service. Incidentally, the CHPT vide its letter dated 11 September 2009 filed a proposal for fixation of rate for handling coal through semi-mechanised closed coal conveyor system, which inter-alia, conveyed that the port is levying Rs.20/- per MT towards this service on ad hoc basis. Since the proposal filed by the CHPT was not in the prescribed format and did not contain the conditionalities governing the application of rate, it was returned to the port with an advice to resubmit the proposal in full shape. The port submitted the revised proposal vide its letter dated 31 July 2010 in the prescribed format requesting this Authority to fix a rate of Rs.44/- per MT for handling coal through semi-mechanised closed coal conveyor system. The port stated that the income arising out of this facility at Rs.20/- per MT has been included in the income estimates of the proposal submitted for general revision of Scale of Rates. Accordingly, the actual and estimated financial / cost position considered in this proposal includes both income and expenditure pertaining to semi-mechanised coal handling system from the year 2009-10 onwards. However, the rate for the new facility is included in the SOR at Rs.20/- per MT which is considered in the income estimate.

Since the net surplus after return for the two years 2008-09 and 2009-10 shows an aggregate deficit of Rs.91.07 crores, no question of adjustment of surplus arises. The deficit is not carried over as it is taken to have been covered by the past surplus for the block of 2006-07 to 2007-08.

- (d). The net surplus after return position the years 2005-06 to 2009-10 fluctuates between surplus and deficit. While the

year 2005-06 shows marginal deficit of Rs.1.22 crores, the years 2006-07 and 2007-08 shows surplus of Rs.45.45 crores and Rs.187.80 crores. Again the position for the years 2008-09 and 2009-10 shows deficit to the tune of Rs.130 crores and Rs.78 crores respectively. In view of fluctuations in the surplus / (deficit) position, the average financial performance of the port during the years 2005-06 to 2009-10 is considered. Apart from evaluating the financial performance based on the parameters like operating income, operating expenses and capital employed, as explained earlier, the financial performance of the port during the years 2005-06 to 2009-10 is evaluated on the basis of the actual return achieved by it. For this purpose, the capital employed position excluding business related assets and social obligation assets and actual surplus position after deducting return on business related assets for the respective years is considered. The average capital employed and average actual surplus excluding certain receipts which were discussed earlier, for the said five years works out to Rs.55189.53 lakhs and Rs.10073.87 lakhs respectively. In percentage terms, the actual return earned by the ChPT works out to 18.25% which is variation of 17% between the permissible and actual return.

Clause 2.13 of the tariff guidelines of March 2005 while prescribing performance variation of + or – 20% for adjustment of past surplus, stipulates review of both physical and financial performance. In this case, the variation in the physical as well as financial performance for the years 2005-06 to 2009-10 is less than 20%; and, therefore, the question of adjustment of past surplus in the future tariff of ChPT does not arise.

However, since the analysis of variation does not consider the abnormal income of Rs.67.86 crores reported in the year 2007-08, the ChPT is advised that it shall utilise this abnormal income amounting to Rs.67.86 crores towards development of infrastructure facilities in the port and furnish details to this Authority, for verification, during the next review of its tariff.

- (iv). The actual traffic handled by the CHPT during 2009-10 is 37.59 Million Tonnes (MT). The projection for the next three years 2010-11 to 2012-13 is 41.32 MT, 43.39 MT and 45.54 MT respectively. The projection for the year 2010-11 considered by the Port is 9.92% higher than that of the actual tonnage handled during the previous year. For the years 2011-12 and 2012-13, an increase of 5% is assumed by the port uniformly. The annual growth in the traffic handled by CHPT during the past four years from 2006-07 to 2009-10 is given under:

(Traffic in Million Tonnes)

Traffic	2006-07		2007-08		2008-09		2009-10	
	Traffic	% Increase	Traffic	% Increase	Traffic	% Increase	Traffic	% Increase
Traffic	39.25	10.60	39.10	-0.38	36.91	-5.60	37.59	1.80

As can be seen from the above table, in the past period, the growth in cargo handled by CHPT had been erratic and the growth in the year 2009-10 was 1.8%. Considering this factor, the projection for the future years with 9.92%, 5.0% and 5.0% respectively appears to be reasonable and therefore, the traffic projections estimated by the CHPT is relied upon in this analysis.

- (v). The CHPT has estimated the operating income for the years 2010-11 to 2012-13 based on the actual income earned from the respective activities during the year 2009-10 and furnished workings for the same. The income from import / export wharfage in respect of major commodities like general cargo including coal, iron ore, POL, etc. and levy from stevedoring and C&F activities are estimated based on actual income from the respective cargo groups for the year 2009-10, adjusted for the estimated traffic volume for the years 2010-11 to 2012-13. The income from other tariff items under cargo handling activity like Storage, Cranage, Semi-mechanised coal handling system, demurrage and miscellaneous charges are estimated on adhoc manner based on the actual income for the past one to three years. The estimates of income from cranage from Heavy Lift and demurrage are estimated at a lower level than the actual income for the year 2009-10. The CHPT has estimated the pollution levy from Iron ore on adhoc basis at Rs.425.00 lakhs uniformly for all the 3 years. This has been revised considering the estimated volume of iron ore to be handled during the years 2010-11 to 2012-13 based on the existing rate of Rs.5/- per MT, which works out to Rs.575.00, Rs.604.00 and Rs.634.00 lakhs respectively during the said 3 years. The operating income estimated by the Port from the cargo handling activity is considered subject to this modification and rectification of some minor rounding off errors.

The CHPT has considered the estimated revenue share to be received from the BOT operators along with the income earned by the port by handling miscellaneous containers under the cargo handling activity as a separate sub-activity, viz. container handling activity. Since the revenue share receipts from the BOT operators cannot be considered as container handling income of the port, we have excluded the revenue share from the container handling activity which is dealt with separately for infrastructure development and cross-subsidizing the deficit making port activities.

Accordingly, the income estimates from cargo handling activity for the years 2010-11 to 2012-13 is considered at Rs.349.64 crores, Rs.366.74 crores and Rs.383.07 crores as against the estimates of

CHPT at Rs.485.30 crores, Rs.508.97 crores and Rs.532.20 crores respectively.

- (vi). The CHPT has estimated vessel related income also on the basis of actual income earned during the year 2009-10. The aggregate GRT of vessels under four major groups, viz. POL vessels, Iron Ore vessels, Container vessels and other vessels for the years 2010-11 to 2012-13 is estimated based on the actual aggregate GRT of respective group of vessels obtained during the year 2009-10 adjusted for estimated traffic volume for the years 2010-11 to 2012-13. The actual income earned by the port during the year 2009-10 under major vessel related tariff items like Berthing & Mooring, Port Dues and Pilotage are extrapolated for the subsequent years 2010-11 to 2012-13 using the actual aggregate GRT for 2009-10 and estimated aggregate GRT for the subsequent 3 years on proportionate basis.

Since the port has considered the total vessel related income earned during 2009-10 in Indian Rupees, the revenue impact due to variation in exchange rate of US\$ prevailed during the year 2009-10 and current market rate is not reflected in the income estimated for the years 2010-11 to 2012-13.

As per clause 6.1.1 of the tariff guidelines of March 2005, vessel related charges for foreign going vessels will be denominated in dollars and recovered in Indian Rupees. Hence, the income estimation furnished by the port without recognizing the exchange rate variation needs adjustment with reference to the exchange rate prevailing at the time of analysis of this case.

At our request, the port has subsequently furnished the details of exchange rates considered by it during the year 2009-10 and for the first half-year (April 2010 to September 2010) of 2010-11. The port has also furnished the actual income realized from foreign vessels during the year 2009-10. The vessel related income for the first half of the year 2010-11 is adjusted considering the average exchange rate of Rs.45.63 per US\$ based on the actual exchange rate details furnished by the CHPT for levy of vessel related charges for the period from April 2010 to September 2010. The vessel related income for the future period commencing from second half of the year 2010-11 to 2012-13 is adjusted considering the exchange rate of Rs.45.05 per US\$ prevailing at the time of analysis of this case.

With the above changes, the income from vessel related activities for the years 2010-11 to 2012-13 is considered at Rs.200.56 crores, Rs.207.48 crores and Rs.216.11 crores as against the estimates of CHPT at Rs.202.85 crores, Rs.213.10 crores and Rs.221.97 crores respectively.

- (vii). The CHPT has estimated the income from railway activities applying the existing rates on the estimated volume of rail borne traffic. While the total iron ore traffic is considered for railway movement, a portion of estimated coal traffic is considered for railway movement. The port has assumed 3 MT, 3.5 MT and 3 MT of coal for railway handling during the years 2010-11 to 2012-13 respectively on ad hoc basis for estimating railway income. The port has not explained the reasons for higher railway movement of coal in the year 2011-12 compared to the other two years. The workings furnished by the CHPT for estimation of income from railway activities did not match with the income considered in the cost statement. The income considered in the cost statement is updated as per the workings furnished by the port.

Strictly speaking, tariff for railway activity is not within the purview of this Authority. But, there are certain tariff items like special services for Rail borne cargo fixed by this Authority are included in the railway activity. Since the railway activity is to be viewed as a supporting activity to the cargo handling operations, the financial / cost position arising out of the railway activity is also considered in this exercise.

Notwithstanding, it is relevant to mention here that the Railway Authority has reportedly taken a policy decision to review the Terminal Charges every two years. Even during the last revision of tariff of CHPT in March 2006, this Authority had advised the port to take up the matter with the Railways for upward revision of Railway charges since the activity was in deficit. To a query raised in this regard, the CHPT has not furnished any feedback information. The CHPT is once again advised to take up the matter with the Railways for upward revision of the Railway charges.

- (viii). The CHPT has estimated estate rental income based on the actual income earned during the year 2009-10. The port has not furnished detailed workings in support of its estimation in terms of area allotted and rate considered under each category of land. The annual lease charges receivable from CITPL is considered at par with the amount considered as lease rental expenses in the proposal filed by the CITPL for fixation of tariff for its container terminal operations at CHPT. Except this the estimates furnished by the port are relied upon in this analysis. Nevertheless, the income from estate rentals are considered in this proposal only to ascertain the overall financial/ cost position of the port and to see whether the surplus, if any arising from this activity could be utilized to cross-subsidize other deficit making activities, as provided in clause 2.11.5 of the tariff policy guidelines.
- (ix). The royalty / revenue share estimates considered by the CHPT for the years 2010-11 to 2012-13 applying the actual per TEU revenue share received during the year 2009-10 on the estimated container traffic for the years 2010-11 to 2012-13 appear to be incorrect,

especially when the revenue share payable by the two BOT container operators are different. The revenue share from CITPL is estimated applying the percentage of revenue share payable by CITPL on the estimated revenue considered by us for the next three years, in its proposal for fixation of tariff which is disposed off simultaneously along with this proposal. The revenue share from CCTPL is estimated based on the percentage revenue share payable by it considering the total container traffic estimated by the port minus the container traffic estimated to be handled by the CITPL in the next 3 years considered by us in the proposal of CITPL for fixation of its tariff.

- (x). The CHPT has estimated the operating expenses for the years 2010-11 to 2012-13 applying an annual escalation factor of 10% for salaries & wages, 5% for all other expenses and 8% for management & general overheads taking the actuals for the year 2009-10 as base. The estimates of CHPT for the years 2010-11 to 2012-13 are moderated applying the annual escalation factor of 3.76% adopted by this Authority for the tariff cases to be decided during the year 2010-11 taking the actuals for the year 2009-10 as base.

The actual expenditure towards salary for the year 2009-10 does not include the impact of revision of pay of Class-I & II officers since the revision has been finalised only during July 2010, as reported by the CHPT. As confirmed by the CHPT, the annual impact in this regard is around Rs.10 crores excluding arrears and the port has made a request to consider this impact in the estimates for the year 2010-11. Since the pay revision of class-I & II officers is already implemented in the port, the impact of Rs.10 crores is considered in the salary estimate for the year 2010-11 and estimates for the years 2011-12 and 2012-13 are moderated applying the annual escalation factor of 3.76%.

- (xi). Clause 2.7.1 of the Tariff guidelines of March 2005 stipulates that for the purpose of depreciation of assets, straight line method following the life norms adopted as per the Companies Act will be allowed in the case of Port Trusts. The port has stated that it has calculated the depreciation on straight line method as per the life norms fixed by the Government expressing difficulties in computing depreciation as per the rates stipulated in the Companies Act. The approach adopted by the CHPT is not found to be in line with the tariff guidelines. While the estimates of depreciation furnished by the port are relied upon in this analysis, the CHPT is advised to adhere to the norms prescribed in the tariff guidelines during the next review of its tariff. As the capital asset addition is modified as explained in the later part of this analysis, the depreciation estimate is modified in line with the changes made in the additions to the gross block.

- (xii). The estimates of Finance & Miscellaneous income and expenses considered by the CHPT for the years 2010-11 to 2012-13 includes an amount of Rs.5 crores each towards prior period income and prior period expenses for each of the year. Generally prior period income & expenses are not considered at the estimate stage. Therefore, the estimated prior period income and expenses are excluded.
- (xiii). The CHPT has proposed additions to the gross block to the tune of Rs.8731.00 lakhs for the year 2010-11. They relate to civil works (Rs.5759.00 lakhs), Plant & Machinery (Rs.277.50 lakhs), Flotilla and Floating Crafts (Rs.60.00 lakhs), Cranes & vehicles (Rs.520.50 lakhs), Water, electrical, telecom & fire fighting installations (Rs.1424.00 lakhs), oil pipeline installation (Rs.65.00 lakhs) and Railways & Rolling stock (Rs.625.00 lakhs) aggregating to Rs.8731.00 lakhs. IMU has reported that some schemes for which token provision to the tune of Rs.96 lakhs has been made are not likely to take off. The Chennai Ennore Port Road Connectivity Project (Rs.100.00 lakhs) and the dedicated elevated expressway (Rs.2500.00 lakhs) cannot be considered fixation of tariff as they are reportedly executed through joint venture. The IMU has reported that there are other capital expenditure earmarked for BOT projects to the tune of Rs.353.00 lakhs towards development of Mega Container Terminal, second container terminal, etc. The estimated expenditure of Rs.353.00 lakhs cannot be considered as they relate to development of BOT projects. In addition, there are other schemes to the tune of Rs.383.50 lakhs which have been excluded on the ground that they are not likely to be completed in the year 2010-11. On the whole, an amount of Rs.5298.50 lakhs has been considered as additions to the gross block during the year 2010-11.
- (xiv). The projections for the year 2011-12 and 2012-13 are estimated by the port by increasing the additions proposed for the year 2010-11 by 5% each over the previous year respectively. However, the details of the schemes that will be completed during these years are not available. In the absence of details, same quantum of Rs.5298.50 lakhs for the next two years 2011-12 and 2012-13 is considered on adhoc basis subject to verification with actuals during the next review of the tariff of CHPT.
- (xv). As stated earlier, the 50% of royalty / revenue share receipt from the BOT operator pertaining to the years 2006-07 to 2008-09 has been considered as utilisation for the proposed additions to the gross block for the years 2010-11 to 2012-13 and the balance amount of the proposed additions are only considered for the purpose of allowing return. The position in this regard is given in the following table:

(Rs. in lakhs)

Sr. No.	Particulars	2009-10 (Actuals)	2010-11 (Estimates)	2011-12 (Estimates)	2012-13 (Estimates)
A	Capital Employed at the end of the year	62345.72	64453.02	66274.08	67663.37
B	Utilisations from Escrow A/c				
(i)	Assets funded from Escrow A/c during the year	3598.34	4300.04	5086.76	5298.50
(ii)	Cumulative utilisation	3598.34	7898.38	12985.14	18283.64
	Less: Depreciation on assets funded from Escrow A/c				
(iii)	Depreciation during the year	0.00	94.69	238.02	407.58
(iv)	Cumulative depreciation	0.00	94.69	332.71	740.29
(v)	Written Down Value of assets funded from Escrow A/c (ii) - (iv)	3598.34	7803.69	12652.43	17543.35
C	Balance capital employed qualifying for return [A-B (v)]	58747.38	56649.33	53621.65	50120.02

- (xvi). The classification of gross block of assets into business-assets, business-related assets and social obligation assets furnished by the CHPT is relied upon. CHPT has further confirmed that only completed and commissioned assets alone are counted for capital employed. It has also confirmed that the assets handed over to the BOT operators have not been considered in the proposal.
- (xvii). The CHPT has estimated the working capital for the years 2010-11 to 2012-13 at par with the actuals for the year 2009-10. The CHPT has not considered income and expenditure estimates for the years 2010-11 to 2012-13 for computing working capital for the respective years. The estimates of current assets have been modified following the norms prescribed in the tariff guidelines for Sundry Debtors, Inventory and Cash balance. The current liability as estimated by the CHPT is taken into account.
- (xviii). The moderated capital employed for the years 2010-11 to 2012-13 works out to Rs.566.49 crores, Rs.536.22 crores and Rs.501.20 crores respectively as compared to the estimates of CHPT at Rs.678.40 crores, Rs.736.37 crores and Rs.789.29 crores for the corresponding years.
- (xix). The CHPT has conveyed the design capacity of the port as a whole at 71.99 MT, 75.59 MT and 79.37 MT for the years 2010-11 to 2012-13 respectively, which includes the capacity of the container terminals operated by the private operators. The capacity of the facilities operated by the CHPT alone is seen to be 33.87 MT, 35.56 MT and 37.34 MT for the years 2010-11 to 2012-13 respectively. Considering the estimated traffic position of 41.32 MT, 43.39 MT and 45.54 MT for the respective years, the capacity utilisation works out to 122% uniformly for all the three years. As per clause 2.9.10 of tariff guidelines of March 2005, maximum permissible return will be allowed for capacity utilisation of 60% and above. Since the estimated capacity utilisation is more than 60%, the CHPT is eligible for maximum permissible return. The rate of return fixed for the year 2010-11 is 16% for business assets and 8.4% for business-related assets. Maximum permissible return of 16% for business assets

and 8.40% for business related assets are considered for all the years 2010-11 to 2012-13.

- (xx). Subject to the discussion above, the cost statements for the port as a whole and different main activities have been modified. The modified cost statements are attached as **Annex-I (a) to (e)**.

(a) Summarised results of the main activities of the port as a whole are as follows:

Sr. No.	Particulars	Operating Income			Net Surplus / (Deficit)			Total	Net Surplus / (Deficit) as a % of operating income			Average Surplus / Deficit %
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13		2010-12	2011-13	2012-14	
1	Port as a whole	61315.72	64267.34	67100.59	-1262.97	579.79	2407.10	1723.92	-2.06%	0.90%	3.59%	0.89%
2	Cargo handling activity	34964.30	36673.95	38307.08	-3790.75	-3101.92	-2442.34	-9335.01	-10.84%	-8.46%	-6.38%	-8.49%
3	Port & Dock activity	20056.25	20748.24	21611.20	-404.00	32.14	714.47	342.61	-2.01%	0.15%	3.31%	0.55%
4	Railway activity	4683.35	5013.45	5125.82	-3446.45	-3360.16	-3498.97	10305.58	-73.59%	-67.02%	-68.26%	-69.53%
5	Estate activity	1611.82	1831.70	2056.49	-635.30	-452.02	-259.45	-1346.78	-39.42%	-24.68%	-12.62%	-24.49%

(b) Summarised results of the various sub-activities under cargo handling and vessel related activities are given below:

Sr. No.	Particulars	Operating Income			Net Surplus / (Deficit)			Total	Net Surplus / (Deficit) as a % of operating income			Average Surplus / Deficit %
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13		2010-12	2011-13	2012-14	
1	Cargo handling activity as a whole	34964.30	36673.95	38307.08	-3790.75	-3101.92	-2442.34	9335.01	-10.84%	-8.46%	-6.38%	-8.49%
(a)	General Cargo incl. storage	16085.19	16895.14	17715.51	-3146.56	-2922.71	-2669.22	8738.49	-19.56%	-17.30%	-15.07%	-17.24%
(b)	Craneage & FLT	1000.00	1100.00	1100.00	-713.24	-664.50	-721.40	2099.14	-71.32%	-60.41%	-65.58%	-65.60%
(c)	FC Thangam / Vaigai	140.00	150.00	150.00	-807.63	-798.21	-794.66	2400.50	-576.88%	-532.14%	-529.77%	-545.57%
(d)	Warehouse	4250.00	4360.00	4470.00	2782.71	2852.75	2924.64	8560.11	65.48%	65.43%	65.43%	65.44%
(e)	POL	2858.83	3004.33	3153.67	1152.26	1275.93	1410.09	3838.29	40.31%	42.47%	44.71%	42.57%
(f)	Iron Ore	10592.33	11126.55	11679.20	-1756.28	-1579.70	-1373.84	4709.82	-16.58%	-14.20%	-11.76%	-14.10%
(g)	Container handling activity	37.95	37.93	38.71	-1302.02	-1265.48	-1217.95	3785.45	3430.89%	3336.37%	3146.34%	3303.48%
2.	Port & Dock Activity	20056.25	20748.24	21611.20	-404.00	32.14	714.47	342.61	-2.01%	0.15%	3.31%	0.55%
(a)	Berthing & Mooring	4665.08	4841.40	5089.83	-2354.89	-2245.41	-2036.22	6636.52	-50.48%	-46.38%	-40.01%	-45.47%
(b)	Port Dues	4903.07	5072.81	5151.61	2613.63	2802.72	2906.19	8322.54	53.31%	55.25%	56.41%	55.02%
(c)	Towage & Pilotage	10488.09	10834.02	11369.76	-661.18	-523.53	-153.81	1338.52	-6.30%	-4.83%	-1.35%	-4.09%
(d)	Salvage & Divers	0.00	0.00	0.00	-1.56	-1.64	-1.69	-4.89	--	--	--	--

- (xxi). (a). The estimated financial position at the existing level of tariff for the years 2010-11 to 2012-13 shows an aggregate surplus of Rs.17.24 crores, which includes 50% of the estimated royalty / revenue share receipts for the years 2010-11 to 2012-13 amounting to Rs.223.69 crores. Therefore, the

proposal of the CHPT seeking increase in the rates of various tariff items is rejected.

- (b). Of the cargo related services, the general cargo including storage shows an aggregate deficit of Rs.87.38 crores; crange and FLT shows an aggregate deficit of Rs.45.00 crores; the warehouse shows an aggregate surplus of Rs.85.60 crores; POL shows an aggregate surplus of Rs.38.38 crores; Iron ore shows an aggregate deficit of Rs.47.10 crores and container handling activity shows an aggregate deficit of Rs.37.85 crores. The cargo handling as a whole shows an aggregate deficit of Rs.93.35 crores.
- (c). The vessel related activity as a whole shows an aggregate surplus of Rs.3.43 crores. Of the vessel related charges, the berthing & mooring activity shows an aggregate deficit of Rs.66.37 crores; towage & pilotage shows an aggregate deficit of Rs.13.39 crores and salvage activity shows a meager deficit of Rs.4.89 lakhs. The port dues shows an aggregate surplus of Rs.83.23 crores.
- (d). The railway activity shows an aggregate deficit of Rs.103.06 crores and estate activity shows an aggregate deficit of Rs.13.47 crores.
- (e). The aggregate net deficit of all the activities listed above works out to Rs.206.45 crores. As stated earlier, 50% of the estimated royalty / revenue share receipts for the years 2010-11 to 2012-13 works out to Rs.223.69 crores. If this amount of Rs.223.69 crores is used to cross-subsidize, as was done in the previous review, surplus available in the hands of CHPT works out to Rs.17.24 crores.

As stated earlier, the estate activity shows deficit position for the years 2010-11 to 2012-13. A separate proposal filed by the CHPT for revision of its estate rentals is subsequently withdrawn by the port and this matter is simultaneously considered by this Authority for disposal. When the existing estate rentals are revised based on the revised proposal (to be) filed by the CHPT, at least the aggregate deficit of Rs.7.11 crores for the years 2011-12 and 2012-13 will be wiped out. This means the CHPT is having a total additional surplus of Rs.24.35 crores during the period covered under this tariff cycle. This additional surplus is considered for adjustment in the existing tariff as shown below:

- (f). As per the advice given by this Authority to furnish a separate account showing the income from pollution levy and expenses on control of pollution, while approving the Pollution Levy of Rs.5/- per tonne in the last tariff order of March 2006,

the CHPT has furnished details of income and expenditure for the years 2007-08 to 2009-10 which shows surplus even after meeting capital expenditure and allocated overheads. The pollution levy approved in other ports like Visakhapatnam Port Trust (VPT), Mormugao Port Trust (MOPT) and the South West Port Limited (SWPL) at MOPT is in the range of Rs.1.50 per tonne to Rs.2.15 per tonne. Since the cost position at CHPT in this regard shows a surplus, the existing rate of Rs.5/- per Metric Tonne is reduced to Rs.3/- per Metric Tonne. The total income estimated by the CHPT from pollution levy during years 2010-11 to 2012-13 is at Rs.12.25 crores, Rs.12.74 crores and Rs.13.14 crores respectively. At the reduced rate, the estimated revenue for the period from January 2011 to March 2013 would be reduced by Rs.11.58 crores approximately.

- (g). It has been the general concern of the users that the vessel related charges at the CHPT are on the higher side. With reference to the vessel related activity in a port, it has to be recognised that more or less all the vessels entering a port pay the port dues, pilotage & towage fee and berth hire charges, the impact of which flows to the importer / exporters. In the vessel related activity, the only sub-activity showing surplus even before the benefit of cross-subsidisation from royalty / revenue share receipts is 'Port Dues'. Therefore, the balance of surplus of Rs.12.77 crores available for adjustment is considered for reduction in the existing rates of port dues.

The estimated operating income on account of port dues for the period from January 2011 to March 2013 works out to Rs.114.50 crores. The additional surplus of Rs.12.77 crores as a percentage of the port dues income of Rs.114.50 crores works out to 11.16%. The existing rates of port dues is, therefore, reduced by 11%.

- (xxii). The CHPT has maintained the penal rate of interest at 12.25% per annum stipulated in the last review of its Scale of Rates in March 2006. Since the rate of penal interest should be 2% above the PLR of State Bank of India as stipulated in Clause 2.18.2 of the tariff guidelines of March 2005, the proposed note (vi)(b) is suitably modified with reference to the prevailing PLR of 12.25%.
- (xxiii). (a). The tariff guidelines of March 2005 stipulate prescription of a three slab structure for pilotage fee. Further, and as per the stipulation, the unit rate of pilotage fee should reduce for increasing GRT slabs so that it would remain attractive to larger size vessels.
- (b). In the Scale of Rates existing prior to March 2006, the rates of pilotage fee for iron ore vessels and other than iron ore

vessels were prescribed separately in 6 GRT slabs. The bigger size vessels paid more pilotage fee as compared to the small size vessels because of the unit rate of pilotage fee increases correspondingly with the increasing GRT of the vessels. Against this provision, the rationalization as envisaged in the tariff guidelines, if effected, would have required the smaller size vessels to bear a burden of steep increase in revenue charges. Since the tariff of CHPT was reviewed for the first time in March 2006 after implementation of the tariff guidelines of March 2005 and recognizing that rationalization of then existing pilotage slab structure at one go will cause hardship to the CHPT and the users this Authority approved the continuation of then existing six slab structure for levy of pilotage fee on iron ore vessels at the request of the CHPT and six slab structure for levy of pilotage fee on non-iron ore vessels then proposed jointly by the CHPT and users as one time measure subject to the condition that the CHPT should introduce suitable rationalization of this tariff item at the time of next review.

- (c). The port while submitting its proposal for revision of its Scale of Rates fixed in 2006, despite a specific advice to the port vide the tariff Order of 2006 to attempt to implement the provisions of tariff guidelines of March 2005, does not appear to have moved in that direction. On the other hand, the port has proposed this time also to continue with the slab structure as approved vide 2006 tariff Order as the existing slab structure was a 'consensus structure'. Incidentally, none of the users have voiced any grievance over the existing slab structure.
- (xxiv) (a). During the last general revision of Scale of Rates of the CHPT in March 2006, while maintaining the then existing provision of 'port convenience' CHPT sought to insert a new provision. That new provision related to shifting of "any other cargo vessel" from berth designated for "specific cargo vessel" to any other berth to accommodate the "specific cargo vessel" in the designated berth.
- (b). While approving the said provision, as had been proposed by the port, this Authority was of the view that whether the situation arises for port convenience or not is a debatable point. Nevertheless relying on the judgment of the port, the proposed new provision proposed at that point of time was approved.
- (c). Now, the port itself wants to simplify the then inserted provision by removing a part of then inserted provision of 'port convenience'. The simplified provision, proposed to be retained reads that 'in the event of normal turning of berth of

the specific cargo vessel, if the designated berth is not vacant, the shifting of other cargo vessel from the designated berth shall be made as port convenience to accommodate the specific cargo vessel. Though the CHPT has not assigned any reason for the proposed simplification, the proposed formulation is approved.

- (xxv). The existing Scale of Rates provides for collection of pollution levy on cargo creating pollution like iron ore, coal and coke shredded scrap, fertilizer etc., in addition to normal wharfage charges. In the original proposal of CHPT filed in January 2009 the CHPT proposed to include minerals in the list of cargo that attract pollution levy. It further proposed to include all liquid bulk passing through the pipe lines or by trucks on the ground that the liquid bulk spill and pollute the water area. However, the port in its updated proposal of June 2010 has dropped aforesaid both inclusions without assigning any reasons therefor. Hence, the existing list of cargo that attract pollution levy remain unaltered, subject to reduction of the existing rate of Rs.5/- per tonne to Rs.3/- per tonne.
- (xxvi). As per Government's coastal concession policy prescribed in the tariff guidelines of March 2005, cargo related charges for coastal cargo should not exceed 60% of the normal cargo related charges. The rates for handling coastal packages by 150 tonne floating crane are prescribed accordingly in the existing arrangement. However, the coastal rates proposed by CHPT in its revised proposal exceed the limit of 60% of the normal cargo related charges. Hence, they are moderated in line with the coastal concession policy.
- (xxvii). This Authority in its last tariff Order of March 2006 had accorded approval to the recovery of a fee of Rs.10,000/- per shift for working of 150 tonne floating crane during the 2nd & 3rd shifts on any working day and during any shift on a Sunday or a port holiday with a condition that this rate should be removed at the time of next review by effecting suitable adjustment in the base rate. Notwithstanding the CHPT has retained the original provision without carrying out any suitable adjustment in the base rate. On a query posed to the CHPT the port has stated that the number of occasions the said floating crane pressed into service during 2nd or 3rd shift is very minimal, to the tune of only 79 occasions for the last 4 years from 2006 to 2009. The CHPT has also stated that provision for levy of Rs.10,000/- per shift is a move brought in by the port in consultation with the users during the last revision.

Considering the position that the instances of engagement of 150 tonne floating crane during the 2nd and 3rd shifts appearing to be not significant and keeping in view that adjustment in the base rate in order to remove the fee of Rs.10,000/- may cause additional burden to the users, this Authority is inclined to let the judgement of port prevail.

- (xxviii). This Authority vide its Order No. TAMP/13/2008-CHPT, dated 13 August 2010, while disposing of a reference received from the Hindustan Chamber of Commerce with regard to collection of crantage charges by the CHPT on granite blocks amended the relevant provisions in the Scale of Rates of CHPT. However the CHPT has not incorporated the said amendments in the draft Scale of Rates. The relevant provisions should be updated as ordered by this Authority.
- (xxix). In the Draft Scale of Rates made available to us by CHPT in January 2009 after submission of its original proposal, the port proposed some conditions, if a consignee / clearing agent / owner of the cargo requests to withdraw the cargo previously abandoned / uncleared / unclaimed cargo from auction sale by the port. While proposing the conditions the port reasoned this as a mere restatement of the conditions that were prevailing in the Scale of Rates of 1992. The circumstances under which the said Clause was deleted in 1992 was not clarified by CHPT despite a query in this regard. However, the draft Scale of Rates subsequently submitted by the CHPT along with its updated proposal of June 2010 is silent in this regard. Hence, it is deemed that the port does not want to propose the earlier insertion.
- (xxx). This Authority passed an Order dated 22 September 2009 amending the schedule relating to demurrage charges / license fee in respect of sugar and pulses levied at the Major Port Trusts in compliance of the Order dated 17 September 2009 issued by the Government of India under Section 54 of the MPT Act, 1963. While passing the Order dated 22 September 2009, this Authority prescribed that the amended schedule of rates shall remain in force till 31 March 2010 or until further orders, as stipulated by the Government in its order dated 17 September 2009.

The Ministry of Shipping vide its letter No.PT-11033/46/2009-PT dated 1 October 2010 has advised that the punitive demurrage charges on sugar and pulses be discontinued with effect from 1 October 2010.

As such, the provision pertaining to sugar and pulses inserted by CHPT in its Scale of Rates based on the decision of this Authority vide its Order dated 22 September 2010 stands deleted.

- (xxxi). Initially the CHPT has proposed to merge the hire charges of Mobile Cranes and port lift trucks from the existing 4 slabs to single slab on the grounds of simplification of tariff structure and to remove different interpretations by different persons with regard to the supply and use of the cranes and also to eliminate the need for obtaining various permissions by users. To a query to elucidate the difficulties encountered in interpreting the existing slabs rates and

the number of permissions the users have to obtain under the existing slab structure, the CHPT has simply reiterated the reasons previously put up by it. However, while furnishing the revised proposal in June 2010, the CHPT has altogether dropped its attempt to merge the slab structure and retained the existing 4 slab structure without assigning any reason. The existing arrangement will continue.

- (xxxii). In the existing arrangement demurrage charges are prescribed for the period beyond free days in slabs for import cargo lying in the transit area of the CHPT. The existing span of second slab i.e., 10 days is proposed to be reduced to 3 days and the existing third slab of 'for the next 30 days' is proposed to be altogether removed. This apart, the port has proposed to increase the existing rates of the respective slabs that have been rejigged and retained by CHPT by 10% over the existing rates and the rate of the slab for the 'beyond thirty days' is proposed to be increased by around 36%. However, the modifications proposed are not supported by dwell time analysis and the corresponding financial implications are not furnished by the port. In the absence of above information, this Authority is not in a position to consider the proposed changes in the slab structure. The existing arrangement will continue.
- (xxxiii). Reportedly, the CHPT appears to have levied penalties on the users for not achieving Minimum Guaranteed Throughput (MGT) in respect of iron ore export. Though the matter reported to us by MMTC in this regard was referred to CHPT during the proceedings relating to the case, the CHPT has not furnished its comments. Neither the existing Scale of Rates of CHPT prescribe any conditionalities to govern the application of MGT on iron ore exports nor has the port proposed in draft Scale of Rates. Though for justifiable reasons a port can seek MGT, recovery of penalty for shortfall will have the effect of expanding the unit tariff fixed by this Authority. The port should, therefore, file a proposal in this regard.
- (xxxiv). The issues raised by the CONCOR about the unit of levy of Terminal Service Charges by the CHPT are not clear. We do not have the benefit of the views of CHPT in this regard. As far as the another point made by the CONCOR regarding application of annual escalation appears to be based on the agreement entered between CHPT and CONCOR. This Authority has already clarified the issues arising in this regard based on a representation filed by CHPT & CITPL.
- (xxxv). The CHPT allows private equipment, as per the provisions available in its Scale of Rates, for port operation inside the port on payment of 10% of the charges prescribed for hire of port equipment. If the private operator is allowed to collect the hire charge for such equipment, then he should specifically be authorised to do so. Clause No.7.1 and 7.2 of the tariff guidelines of March 2005 stipulate

that charges levied by various service providers authorised by the major port trusts under Section 42 (3) of the MPT Act, 1963 to provide port services specified in Clauses (a) to (e) of Section 48 shall be regulated by this Authority. In cases where authorisation arrangement to the service provider under Section 42 (3) is other than by way of BOT concession agreement, ceiling rates will be prescribed based on a proposal from the port trusts for such services to be applied commonly at the concerned ports without reference to the individual service provider. This statutory provision was brought to the notice of CHPT way back in September 2006 advising the port to initiate appropriate action followed by reminders. The CHPT has so far not filed any proposal in this regard. On the other hand it has suggested during the proceeding relating to this case that the rates to be fixed for private equipment operators for providing services inside the port should be on par with the rates levied by the CHPT for similar range of equipment.

In this regard, it is relevant here to mention that the rates fixed for various types of equipment in the existing Scale of Rates of CHPT are not based strictly on the cost of providing individual services, as a general activity based approach is adopted. The flow of cross-subsidisation from one activity to another is also a factor. Therefore, the suggestion that the rates (to be) fixed for private equipment should be at par with the rates available in the existing Scale of Rates for port equipment cannot be accepted. The CHPT is again advised to file a proposal immediately for prescription of ceiling rates for such services to be applied commonly at the CHPT. In this regard, the port can refer to the Orders passed by this Authority recently fixing common rates for mobile harbour cranes on normative basis at the Paradip Port Trust (PPT), New Mangalore Port Trust (NMPT), Tuticorin Port Trust (TPT) and Visakhapatnam Port Trust (VPT).

(xxxvi). As per clause 2.6.2 of the tariff guidelines of March 2005, it is necessary to regularly adjust manning scales / datum in view of the technological changes. The award of the National Industrial Tribunal on manning scales for port operations has been notified by the Ministry of Labour in the Gazette of India in May 2006. Though the CHPT was already engaged with the concerned parties on the revision of manning scales / datum as reported by it in February 2008 as conveyed to us in the proceedings relating to revision of Stevedoring & C&F levy and agreed to incorporate the revised manning scales in its SOR, the Tribunal Award is not yet implemented by the port. The CHPT is advised to revise the manning scales/ datum as per Tribunal Award and propose amendment to the relevant provision of its Scale of Rates early.

(xxxvii). The existing rates of Stevedoring and Clearing & Forwarding levy were approved in July 2008 vide tariff Order No.TAMP/34/2007-CHPT dated 3 July 2008 with a validity period till 31 March 2011.

In the revised proposal of June 2010 filed by the CHPT for general revision of its SOR, the CHPT has proposed increase in the range of 62.32% to 77.84% over the existing rates prescribed for stevedoring operations keeping the existing rates prescribed for Clearing & Forwarding operations in tact. However, no cost statement relating to these operations has been furnished by the CHPT. That being so, the financial impact of the increase proposed could not be ascertained. Since a comprehensive assessment of the financial / cost position of the port as a whole has been made in this exercise, the existing rates for these operations will continue without any change.

(xxxviii). As brought out earlier, the separate proposal filed by the CHPT for revision of its estate rentals is subsequently withdrawn by the port. Till such time the revised proposal is filed by the CHPT and disposed off by this Authority revising the estate rentals, the existing rates prescribed in the SOR of CHPT will continue. Nonetheless, while applying the rates of estate rentals prescribed in the SOR, the clarification given by this Authority vide Order dated 3 September 2010 regarding the base year and the rate of escalation to be applied from time to time should be considered by the CHPT.

(xxxix). As stated earlier, the validity of the existing SOR fixed in March 2006 expired on 30 September 2010. Since the process of notification of the Order passed in this case may take some more time, the validity of the existing SOR of CHPT shall be deemed to have been extended till the effective date of implementation of the Order passed.

12.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following changes in the existing Scale of Rates of CHPT:

- (i) The existing clause prescribed in Schedule 1.2 (vi) (b) of Chapter-I is replaced with the following:
“(b) The rate of penal interest will be 14.25% p.a. The penal interest will apply to both the CHPT and the port users equally.”
- (ii) The existing schedule 1.0, Port Dues prescribed in Chapter-II – Vessel Related Charges is replaced with the following:

“1.0 Rate of Port Dues for vessels calling at the Port:-

Particulars	Rate Per GRT		Frequency of payment in respect of the same vessel	
	Foreign Going Vessel (in US\$)	Coastal Vessel (in Rs.)	Coastal Vessels	Foreign vessel
Vessels chargeable (All types of sea going vessels including Lash Barges)	0.2047	5.407	The due is payable once in 30 days	The due is payable on each entry into the Port

- (iii) The existing Note 4 (vii) to Schedule 4.1 – Rate of Shifting Charges in Chapter-II – Vessel Related Charges is replaced with the following:

‘In the event of normal turn of berthing of the specific cargo vessel, if the designated berth is not vacant, the shifting of other cargo vessel from the designated berth shall be made as Port convenience to accommodate the specific cargo vessel.’

- (iv) The existing Note 7 under Scale-1 (Schedule of Wharfage Charges) in Chapter-III – Cargo Related Charges is replaced with the following:

“(7) In respect of Iron Ore including Pellets, other ores, all types of Coal and Coke, shredded scrap, fertilizer of all forms and if any other new Dry Bulk cargo creating pollution, handled in Bulk in the inner harbour, a Pollution Levy @ Rs.3/- per MT shall be collected in addition to normal wharfage charges as specified under Scale-1. In case of new Dry Bulk cargoes, as regards creation of pollution, the decision of Board of Chennai Port Trust shall be final. “

- (v) The rate of pollution levy prescribed in item No.3 in Scale-4 (Charges for Handling Iron Ore through Mechanised Ore Handling Plant) in Chapter-III – Cargo Related Charges stands revised to Rs.3/- per tonne or part thereof.

- (vi) The following new schedule is inserted after the existing Schedule 4 (Charges for Handling Iron Ore through Mechanised Ore Handling Plant) in Chapter-III – Cargo Related Charges and the existing Schedule 4 is renumbered as 4A:

SCALE 4 B - CHARGES FOR HANDLING COAL THROUGH MECHANISED CLOSED COAL CONVEYOR SYSTEM AT JAWAHAR DOCK

Item No.	Description	Unit	Rates (in Rs.)
1	Charges for handling coal through mechanised closed coal conveyor system at Jawahar Dock	per tonne or part thereof	20.00

- (vii) The existing schedule No.7(a) – Sugar & Pulses under Scale-1 Free Days (Imports) in Chapter-IV – Demurrage Charges of the Scale of Rates is deleted.

12.2. The revised Scale of Rates and Conditionalities governing the rates of the CHPT will come into effect after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force till 31 March 2013. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

12.3 The validity of the existing SOR of CHPT shall be deemed to have been extended beyond 30 September 2010 till the effective date of implementation of the Order passed.

12.4. The tariff of the CHPT has been fixed relying on the information furnished by the port and based on the assumptions made as explained in the analysis.

12.5. In this regard, the CHPT is requested to furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year i.e. for the period ending on 30 June, 30 September, 31 December and 31 March of each of the years in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly periods, this Authority may call upon the CHPT to submit its proposal for an ahead of scheduled review. If the CHPT fails to file a tariff proposal within the time limit to be stipulated by this Authority, this Authority may proceed suo-motu to review the tariff. This apart, analysis of variations will also be made at the time of the next general review at the end of the usual tariff validity period and adjustment of additional surplus, if any, will be made as per the tariff guidelines of March 2005.

(Rani Jadhav)
Chairperson

CHENNAI PORT TRUST - GENERAL REVISION OF SCALE OF RATES

Annex-I (a)

CONSOLIDATED COST STATEMENT FOR THE PORT AS A WHOLE

(Rupees in lakhs)

Sr. No.	Particulars	Actuals					Estimates furnished by ChPT			Estimates moderated by TAMP		
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Traffic (Million Tonnes)	47.25	53.41	57.15	57.49	61.06	65.51	68.79	72.21	65.51	68.79	72.21
	Less: Container traffic (by BOT Operators)	11.76	14.16	18.05	20.58	23.47	24.19	25.40	26.67	24.19	25.40	26.67
	Traffic - ChPT (Million Tonnes)	35.49	39.25	39.10	36.91	37.59	41.32	43.39	45.54	41.32	43.39	45.54
II	Operating Income											
	Cargo handling activity	19145.75	24603.22	30394.93	31930.53	32866.36	48530.38	50896.88	53219.68	34964.30	36673.95	38307.08
	Port & Dock activity	11975.07	14325.78	14695.87	16951.27	19597.07	20284.61	21309.50	22196.92	20056.25	20748.24	21611.20
	Railway activity	3491.72	4766.51	5073.98	4834.60	4271.93	4684.40	4943.20	5076.20	4683.35	5013.45	5125.82
	Estate activity	1360.15	1201.61	2471.15	1862.85	1668.15	1548.75	1724.97	1974.19	1611.82	1831.70	2056.49
	Total - II	35972.69	44897.12	52635.93	55579.25	58403.51	75048.14	78874.55	82466.99	61315.72	64267.34	67100.59
III	Operating Cost											
	Cargo handling activity	10439.44	11596.43	12994.23	15496.97	17502.24	19150.79	20943.62	22909.54	18615.01	19314.93	20041.17
	Port & Dock activity	4224.38	4267.79	5078.96	5677.68	6784.43	7356.94	7981.39	8662.74	7179.49	7449.44	7729.54
	Railway activity	2242.38	2183.20	2553.15	2581.53	3565.61	3743.89	3931.09	4127.64	3782.52	3924.74	4072.31
	Estate activity	392.77	404.85	466.67	526.62	698.79	733.73	770.42	808.94	739.51	767.32	796.17
	Total - III	17298.97	18452.27	21093.01	24282.80	28551.07	30985.35	33626.51	36508.85	30316.53	31456.43	32639.20
IV	Depreciation											
	Cargo handling activity	762.65	791.71	704.85	806.63	817.58	927.65	1043.26	1164.65	905.89	993.63	1081.61
	Port & Dock activity	1328.68	1323.37	1317.47	1295.07	1156.86	1312.64	1476.23	1647.99	1281.83	1405.99	1530.48
	Railway activity	166.44	166.04	162.98	199.48	212.57	241.19	271.25	302.81	235.53	258.34	281.21
	Estate activity	41.17	56.08	57.04	37.52	37.52	42.57	47.88	53.45	41.57	45.60	49.64
	Total - IV	2298.94	2337.20	2242.34	2338.70	2224.53	2524.05	2838.62	3168.90	2464.82	2703.56	2942.94
V	Management & General Administration Overheads											
	Cargo handling activity	6662.12	8593.23	9825.72	11947.45	13218.86	14276.37	15418.48	16651.96	13896.85	14419.36	14961.54
	Port & Dock activity	2678.10	3199.29	4123.65	4027.58	5342.32	5769.72	6231.30	6729.81	5616.32	5827.50	6046.60
	Railway activity	1825.40	1587.61	2088.20	2159.25	2951.43	3187.54	3442.54	3717.94	3102.81	3219.47	3340.52
	Estate activity	531.00	638.72	712.57	795.48	991.25	1070.55	1156.19	1248.69	1042.09	1081.27	1121.93
	Total - V	11696.62	14018.85	16750.14	18929.76	22503.86	24304.18	26248.51	28348.40	23658.07	24547.60	25470.59
VI	Operating Surplus											
	Cargo handling activity	1281.54	3621.85	6870.13	3679.98	1327.68	14175.57	13491.52	12493.53	1546.56	1946.03	2222.76
	Port & Dock activity	3743.91	5535.33	4175.79	5950.94	6313.46	5845.32	5620.58	5156.38	5978.60	6065.30	6304.58
	Railway activity	-742.50	829.66	269.65	-105.66	-2457.68	-2488.22	-2701.68	-3072.19	-2437.51	-2389.10	-2568.22
	Estate activity	395.21	101.96	1234.87	503.23	-59.41	-298.10	-249.52	-136.89	-211.35	-62.49	88.75
	Total - VI	4678.16	10088.80	12550.44	10027.99	5124.05	17234.56	16160.91	14440.84	4876.30	5559.74	6047.86
VII	A Finance & Miscellaneous Income (excluding Interest)	3875.68	4405.75	15206.31	5097.46	5367.12	4700.00	5050.00	5400.00	4200.00	4550.00	4900.00
	B Finance & Miscellaneous Expenses (excluding Interest)	3899.63	6107.73	5582.96	12906.50	15767.64	8902.05	9007.05	8991.55	8402.05	8507.05	8491.55
VIII	Net Financial & Misc. Income VII (A) - VII (B)	-23.95	-1701.98	9623.35	-7809.04	-10400.52	-4202.05	-3957.05	-3591.55	-4202.05	-3957.05	-3591.55
IX	Net Surplus (VI - VIII)	4654.21	8386.82	22173.79	2218.95	-5276.47	13032.51	12203.86	10849.29	674.25	1602.69	2456.31
X	Capital Employed	56406.54	54783.95	53831.15	58976.94	58747.38	67839.98	73637.13	78928.88	56649.33	53621.65	50120.02
XI	Return on Capital Employed	8374.48	8141.59	8481.02	9304.79	9245.76	10854.40	11738.74	12628.62	8950.75	8484.65	7942.61
XII	Capacity utilisation	96.80%	106.80%	111.88%	107.76%	109.52%	91.00%	91.00%	91.00%	122.00%	122.02%	121.96%
XIII	ROCE adjusted for capacity utilisation	8374.48	8141.59	8481.02	9304.79	9245.76	10854.40	11738.74	12628.62	8950.75	8484.65	7942.61
XIV	Net Surplus/ Deficit after Return (IX - XI)	-3720.27	245.23	13692.77	-7085.84	-14522.23	2178.11	465.12	-1779.33	-8276.50	-6881.96	-5486.30
XV	Revenue share/Royalty (50%)	3598.34	4300.04	5086.76	5785.07	6715.77	13026.89	13641.17	14291.99	7013.53	7461.75	7893.40
XVI	Net Surplus/ Deficit after Return and Revenue share (XII)	-121.93	4545.27	18779.53	-1300.77	-7806.46	-10848.78	-13176.05	-16071.32	-1262.97	579.79	2407.10
XVII	Net Surplus/Deficit after Return as a % of Operating Income	-0.34%	10.12%	35.68%	-2.34%	-13.37%	-14.46%	-16.71%	-19.49%	-2.06%	0.90%	3.59%
XVIII	Aggregate Surplus/ Deficit	-121.93	23324.80		-9107.23		-40096.15			1723.92		
XIX	Average Surplus/ Deficit as a % of Operating Income	-0.34%	23.91%		-7.99%		-16.96%			0.89%		

COST STATEMENT FOR CARGO HANDLING ACTIVITY												
Sr. No.	Particulars	(Rs. in lakhs)										Annex-I (b)
		Actuals					Estimates furnished by ChPT			Estimates moderated by TAMP		
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	
I	Operating Income											
	(i) General Cargo including Storage	9690.33	10672.09	13749.82	16595.14	17315.85	16085.40	16895.25	17715.75	16085.19	16895.14	17715.51
	(ii) Warehousing	2202.50	3057.60	4272.12	4638.70	4209.30	4250.00	4360.00	4470.00	4250.00	4360.00	4470.00
	(iii) POL including crude oil	2105.16	2258.47	2219.85	2291.55	2635.69	2858.95	3004.35	3153.70	2858.83	3004.33	3153.67
	(iv) Iron ore	3609.57	7012.10	6884.32	6943.23	7396.92	10442.35	10947.55	11470.20	10592.33	11126.55	11679.20
	(v) F.C.Thangam	231.77	81.08	79.66	148.20	138.92	140.00	150.00	150.00	140.00	150.00	150.00
	(vi) Cranage	1301.48	1518.30	1438.66	1275.12	1134.07	1000.00	1100.00	1100.00	1000.00	1100.00	1100.00
	(vii) Container Handling	4.94	3.58	1750.50	38.59	35.61	13753.68	14439.73	15160.03	37.95	37.93	38.71
	Total - I	19145.75	24603.22	30394.93	31930.53	32866.36	48530.38	50896.88	53219.68	34964.30	36673.95	38307.08
II	Operating Expenses											
	(i) General Cargo including Storage	5944.00	6331.22	7441.26	8142.87	9877.57	10842.82	11903.40	13068.79	10530.83	10926.79	11337.63
	(ii) Others - Cranage	601.45	663.36	645.97	914.43	866.55	946.48	1034.08	1130.07	921.10	955.73	991.66
	(iii) F.C.Thangam	69.91	119.35	114.22	156.60	161.15	176.04	192.35	210.23	171.31	177.75	184.43
	(iv) POL including crude oil	247.80	406.83	449.59	503.75	479.09	519.08	562.68	610.22	506.73	525.78	545.55
	(v) Iron Ore	2959.24	3443.88	3633.72	4580.23	5173.68	5613.76	6093.99	6618.18	5477.05	5682.99	5896.67
	(vi) Warehousing	602.09	618.77	702.61	788.28	943.36	1051.72	1156.19	1271.07	1007.13	1045.00	1084.29
	(vii) Container Handling	14.95	13.02	6.86	410.81	0.84	0.88	0.93	0.97	0.87	0.90	0.94
	Total - II	10439.44	11596.43	12994.23	15496.97	17502.24	19150.79	20943.62	22909.54	18615.01	19314.93	20041.17
III	Depreciation	762.65	791.71	704.85	806.63	817.58	927.65	1043.26	1164.65	905.89	993.63	1081.61
IV	Allocated share of Management and General overheads	6662.12	8593.23	9825.72	11947.45	13218.86	14276.37	15418.48	16651.96	13896.85	14419.36	14961.54
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	1281.54	3621.85	6870.13	3679.48	1327.68	14175.57	13491.52	12493.53	1546.56	1946.03	2222.76
VI	Allocated share of FMI	2062.75	2414.32	8780.97	2928.52	3020.31	3025.67	3245.76	3466.31	2394.98	2596.45	2797.37
VII	Allocated share of FME	2229.02	3639.50	3277.49	7904.23	9384.50	5334.01	5430.86	5455.54	5003.32	5057.56	5040.88
VIII	FMI Less FME (VI) - (VII)	-166.27	-1225.18	5503.48	-4975.71	-6364.19	-2308.34	-2185.10	-1989.23	-2608.34	-2461.11	-2243.51
IX	Surplus / deficit (V) + (VIII)	1115.27	2396.67	12373.61	-1296.23	-5036.51	11867.23	11306.42	10504.30	-1061.78	-515.08	-20.75
X	Capital Employed for the activity	18416.00	17888.61	16412.33	17981.21	17911.22	20683.43	22368.56	24064.27	17271.56	16348.46	15280.86
XI	RoCE - Maximum permissible (16% / 8.40%)	2734.15	2658.48	2585.73	2836.90	2818.89	3309.35	3578.97	3850.28	2728.97	2586.84	2421.59
XII	Capacity Utilization (%)	96.80%	106.80%	111.88%	107.76%	109.52%	91.00%	91.00%	91.00%	122.00%	122.02%	121.96%
XIII	RoCE adjusted for Capacity utilization	2734.15	2658.48	2585.73	2836.90	2818.89	3309.35	3578.97	3850.28	2728.97	2586.84	2421.59
XIV	Net surplus / (Deficit) (IX) - (XIII)	-1618.88	-261.81	9787.88	-4133.13	-7855.40	8557.88	7727.45	6654.02	-3790.75	-3101.92	-2442.34
XV	Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)	-8.46%	-1.06%	32.20%	-12.94%	-23.90%	17.63%	15.18%	12.50%	-10.84%	-8.46%	-6.38%
XVI	Aggregate Net Surplus / (Deficit)	-1618.88	9526.07		-11988.53			22939.35			-9335.01	

		(Rs. in lakhs)									Annex-I (b)	
Sr. No.	Particulars	Actuals					Estimates furnished by ChPT			Estimates moderated by TAMP		
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
XVII	Average Net Surplus / (Deficit) as a % of Operating Income	-8.46%	17.32%		-18.50%		15.03%			-8.49%		

Cost Statement for vessel related activity (AC)												Annex-I (c)
Sr. No.	Particulars	Actuals					Estimates furnished by ChPT			Estimates moderated by TAMP		
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income											
	(i) Port dues	2972.47	3344.26	3438.22	4081.76	4744.12	4964.28	5219.60	5305.60	4903.07	5072.81	5151.61
	(ii) Berth Hire including water supply	3020.93	3843.08	3721.95	4271.41	4628.88	4701.41	4942.15	5192.46	4665.08	4841.40	5089.83
	(iii) Dry Docking	---	---	---	---	---	---	---	---	---	---	---
	(iv) Pilotage & Towage	5981.67	7138.44	7535.70	8598.10	10224.07	10618.92	11147.75	11698.86	10488.09	10834.02	11369.76
	(v) Ship breaking											
	(vi) Anchorage											
	(vii) Salvage & Divers fees	---	---	---	---	---	---	---	---	---	---	---
	(viii) Others	---	---	---	---	---	---	---	---	---	---	---
	Total - I	11975.07	14325.78	14695.87	16951.27	19597.07	20284.61	21309.50	22196.92	20056.25	20748.24	21611.20
II	Operating Expenses											
	(i) Port Dues	428.91	432.69	454.35	531.53	629.93	684.15	743.35	808.01	667.25	692.34	718.37
	(ii) Berthing & mooring including water supply	1312.30	1053.84	1289.88	1414.48	1792.52	1951.78	2125.96	2316.51	1901.70	1973.20	2047.39
	(iii) Pilotage & Towage	2482.45	2781.08	3334.28	3676.81	4311.57	4668.08	5056.51	5479.86	4558.24	4729.63	4907.47
	(iv) Dry Docking	0.00	0.00	0.00	54.86	50.41	52.93	55.58	58.36	52.31	54.27	56.31
	(v) Ship breaking	---	---	---	---	---	---	---	---	---	---	---
	(vi) Anchorage	---	---	---	---	---	---	---	---	---	---	---
	(vii) Administration & General expenses	---	---	---	---	---	---	---	---	---	---	---
	(viii) Others	---	---	---	---	---	---	---	---	---	---	---
	b. Salvage & Divers fees	0.72	0.18	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total - II	4224.38	4267.79	5078.96	5677.68	6784.43	7356.94	7981.39	8662.74	7179.49	7449.44	7729.54
III	Depreciation	1328.68	1323.37	1317.47	1295.07	1156.86	1312.64	1476.23	1647.99	1281.83	1405.99	1530.48
IV	Allocated share of Management and General overheads	2678.10	3199.29	4123.65	4027.58	5342.32	5769.72	6231.30	6729.81	5616.32	5827.50	6046.60
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	3743.91	5535.33	4175.79	5950.94	6313.46	5845.32	5620.58	5156.38	5978.60	6065.30	6304.58
VI	Allocated share of FMI	1290.19	1405.78	4245.58	1554.68	1800.93	1264.65	1358.91	1445.73	1373.81	1468.93	1578.15
VII	Allocated share of FME	1104.95	1642.63	1530.34	3380.49	4070.55	2303.14	2336.07	2336.58	2168.68	2205.30	2209.87
VIII	FMI Less FME (VI) – (VII)	185.24	-236.85	2715.24	-1825.81	-2269.62	-1038.49	-977.16	-890.85	-794.87	-736.37	-631.72
IX	Surplus / deficit (V) + (VIII)	3929.15	5298.48	6891.03	4125.13	4043.84	4806.83	4643.42	4265.53	5183.73	5328.93	5672.86
X	Capital Employed for the activity	33049.74	33198.16	33605.60	36818.00	36674.69	42350.99	45801.47	49273.55	35364.92	33474.81	31288.82
XI	RoCE - Maximum permissible (16%/8.40%)	4906.79	4933.67	5294.51	5808.78	5771.93	6776.16	7328.24	7883.77	5587.73	5296.79	4958.39
XII	Capacity Utilization	96.80%	106.80%	111.88%	107.76%	109.52%	91.00%	91.00%	91.00%	122.00%	122.02%	121.96%
XIII	RoCE adjusted for Capacity utilization	4906.79	4933.67	5294.51	5808.78	5771.93	6776.16	7328.24	7883.77	5587.73	5296.79	4958.39
XIV	Net surplus / (Deficit) (IX) - (XIII)	-977.64	364.81	1596.52	-1683.65	-1728.09	-1969.33	-2684.82	-3618.23	-404.00	32.14	714.47
XV	Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)	-8.16%	2.55%	10.86%	-9.93%	-8.82%	-9.71%	-12.60%	-16.30%	-2.01%	0.15%	3.31%
XVI	Aggregate Net Surplus / (Deficit)	-977.64	1961.33	-3411.74	-8272.39	342.61						
XVII	Average Net Surplus / (Deficit) as a % of operating income		6.76%	-9.33%	-12.97%	0.55%						

Cost statement for Railway Activity														
Sr. No.	Particulars	Actuals					Estimates furnished by ChPT			Estimates moderated by TAMP			(Rs. in lakhs)	Annex-I (d)
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13		
I	Operating Income													
	(i) Haulage	810.84	1149.74	1154.84	1051.46	901.38	1261.00	1398.00	1473.00	1399.50	1488.00	1578.00		
	(ii) Terminal charges	1929.86	2316.85	2600.53	2577.48	2282.19	2282.20	2282.20	2282.20	2156.15	2316.75	2331.62		
	(iii) Others - Misc. Income	751.02	1299.92	1318.61	1205.66	1088.36	1141.20	1263.00	1321.00	1127.70	1208.70	1216.20		
	Total - I	3491.72	4766.51	5073.98	4834.60	4271.93	4684.40	4943.20	5076.20	4683.35	5013.45	5125.82		
II	Direct Operating Expenses													
	(i) Operational Maintenance of Locomotives & Wagons	709.65	765.02	769.53	868.37	1150.19	1207.70	1268.08	1331.49	1220.16	1266.04	1313.64		
	(ii) Maintenance of Permanent Way, Signal & Interlocking fac.	471.18	313.28	388.33	401.84	493.26	517.92	543.82	571.01	523.27	542.94	563.36		
	(iii) Operational Maintenance of Yards & Stations	1061.55	1104.90	1395.29	1311.32	1922.16	2018.27	2119.18	2225.14	2039.09	2115.76	2195.32		
	Total - II	2242.38	2183.20	2553.15	2581.53	3565.61	3743.89	3931.09	4127.64	3782.52	3924.74	4072.31		
III	Depreciation	166.44	166.04	162.98	199.48	212.57	241.19	271.25	302.81	235.53	258.34	281.21		
IV	Allocated share of Management and General overheads	1825.40	1587.61	2088.20	2159.25	2951.43	3187.54	3442.54	3717.94	3102.81	3219.47	3340.52		
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-742.50	829.66	269.65	-105.66	-2457.68	-2488.22	-2701.68	-3072.19	-2437.51	-2389.10	-2568.22		
VI	Allocated share of FMI	376.20	467.74	1465.85	443.41	392.58	313.12	335.33	359.38	320.80	354.94	374.31		
VII	Allocated share of FME	479.31	690.18	649.83	1348.28	1935.41	1058.67	1038.00	1004.00	1029.85	1041.74	1038.95		
VIII	FMI Less FME (VI) - (VII)	-103.11	-222.44	816.02	-904.87	-1542.83	-745.55	-702.67	-644.62	-709.05	-686.80	-664.64		
IX	Surplus / deficit (V) + (VIII)	-845.61	607.22	1085.67	-1010.53	-4000.51	-3233.77	-3404.35	-3716.81	-3146.56	-3075.90	-3232.86		
X	Capital Employed for the activity	2903.02	1845.85	1803.54	1975.94	1968.25	2272.89	2458.07	2644.40	1897.96	1796.52	1679.20		
XI	RoCE - Maximum permissible (16%)	431.00	274.31	284.15	311.74	309.77	363.66	393.29	423.10	299.89	284.26	266.11		
XII	Capacity Utilization													
XIII	RoCE adjusted for Capacity utilization	431.00	274.31	284.15	311.74	309.77	363.66	393.29	423.10	299.89	284.26	266.11		
XIV	Net surplus / (Deficit) (IX) - (XIII)	-1276.61	332.91	801.52	-1322.27	-4310.28	-3597.43	-3797.64	-4139.91	-3446.45	-3360.16	-3498.97		
XV	Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)	-36.56%	6.98%	15.80%	-27.35%	-100.90%	-76.80%	-76.83%	-81.56%	-73.59%	-67.02%	-68.26%		
XVI	Aggregate Net Surplus / (Deficit)	-1276.61	1134.43		-5632.55		-11534.98			-10305.58				
XVII	Average Net Surplus / (Deficit) as a % of Operating Income	-36.56%	11.53%		-61.85%		-78.45%			-69.53%				

Cost statement for Estate activity

Only indicative for assessing the financial statement of the port. Not for the purpose of fixing charges for lease rentals

Sr. No.	Particulars	(Rs. in lakhs)									Annex-I (e)	
		Actuals					Estimates furnished by ChPT			Estimates moderated by TAMP		
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income											
	(i) Rent from land and Buildings	367.96	444.52	455.27	387.48	710.52	549.00	704.00	904.00	549.00	704.00	904.00
	(ii) Others	992.19	757.09	2015.88	1475.37	957.63	999.75	1020.97	1070.19	1062.82	1127.70	1152.49
	Total	1360.15	1201.61	2471.15	1862.85	1668.15	1548.75	1724.97	1974.19	1611.82	1831.70	2056.49
II	Direct Expenses	392.77	404.85	466.67	526.62	698.79	733.73	770.42	808.94	739.51	767.32	796.17
III	Depreciation	41.17	56.08	57.04	37.52	37.52	42.57	47.88	53.45	41.57	45.60	49.64
IV	Allocated share of Management and General overheads	531.00	638.72	712.57	795.48	991.25	1070.55	1156.19	1248.69	1042.09	1081.27	1121.93
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	395.21	101.96	1234.87	503.23	-59.41	-298.10	-249.52	-136.89	-211.35	-62.49	88.75
VI	Allocated share of FMI	146.54	117.91	713.91	170.85	153.30	96.56	110.00	128.58	110.41	129.68	150.17
VII	Allocated share of FME	86.35	135.42	125.30	273.50	377.18	206.23	202.12	195.43	200.20	202.45	201.85
VIII	FMI Less FME (VI) - (VII)	60.19	-17.51	588.61	-102.65	-223.88	-109.67	-92.12	-66.85	-89.79	-72.77	-51.68
IX	Surplus / deficit (V) + (VIII)	455.40	84.45	1823.48	400.58	-283.29	-407.77	-341.64	-203.74	-301.14	-135.26	37.07
X	Capital Employed for the activity	2037.78	1851.32	2009.68	2201.79	2193.22	2532.67	2739.02	2946.66	2114.89	2001.86	1871.13
XI	RoCE - Maximum permissible	302.54	275.13	316.63	347.37	345.17	405.23	438.24	471.47	334.16	316.76	296.52
XII	Capacity Utilization											
XIII	RoCE adjusted for Capacity utilization	302.54	275.13	316.63	347.37	345.17	405.23	438.24	471.47	334.16	316.76	296.52
XIV	Net surplus / (Deficit) (IX) - (XIII)	152.86	-190.68	1506.85	53.21	-628.46	-813.00	-779.88	-675.20	-635.30	-452.02	-259.45
XV	Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)	11.24%	-15.87%	60.98%	2.86%	-37.67%	-52.49%	-45.21%	-34.20%	-39.42%	-24.68%	-12.62%
XVI	Aggregate Net Surplus / (Deficit)	152.86	1316.17		-575.25		-2268.08			-1346.78		
XVII	Average Net surplus / (Deficit) as a % of Operating Income	11.24%	35.84%		-16.29%		-43.22%			-24.49%		