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**TARIFF AUTHORITY FOR MAJOR PORTS**

**G. No. 185**

**New Delhi, 3 December 2004**

**NOTIFICATION**

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal received from the Cochin Port Trust (COPT) for fixation of hire charge for L & T Poclair and Barge Vijaya as in the Order appended hereto.

**( A.L. Bongirwar )**  
Chairman

**Tariff Authority for Major Ports**  
**Case No. TAMP/26/2004-COPT**

The Cochin Port Trust

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Applicant

**ORDER**

(Passed on this 18th day of November 2004)

This case relates to a proposal received from the Cochin Port Trust (COPT) for fixation of hire charge for L & T Poclairn and Barge Vijaya.

1.2. The COPT has stated that the existing Scale of Rates does not contain rate for hire of L & T Poclairn and Barge Vijaya. It has, therefore, sought approval of this Authority for the following rates:

Sr. No.	Particulars	Unit	Rate in Rs.
(i).	Fixed charges	Per load per 8 hours shift or part thereof	12,000/-
(ii).	Per additional hour or part thereof	Per additional hour or part thereof	1,500/-
(iii).	Rate for loads above one load	Per load	1,000/-

2.1. A copy of the proposal was forwarded to various concerned users/representative bodies of port users for comments.

2.2. The Container Shipping Lines Association (CSLA) and the Shipping Corporation of India (SCI) have informed that they have no comments to offer on the proposal. Further, we have not received any written comments from the other users consulted in this case.

3.1 Based on a preliminary scrutiny of the proposal, the COPT was requested to furnish additional information / clarification on various points like details of the capital cost of the two craft, date of acquisition, to justify the estimates of repairs and maintenance cost and general overheads, etc.

3.2. The COPT has furnished the following details in response:

- (i). L&T Poclairn was purchased and commissioned in 1980 at capital cost of Rs. 18 lakhs, however, the current book value is nil. This is utilised by the port for shallow water dredging. Barge Vijaya was purchased and commissioned in 1986 at a capital cost of Rs.20 lakhs and its present book value is Rs.2 lakhs. This is used as a dumb barge for Poclairn.
- (ii). Details of the wage cost of the crew, fuel cost, repairs and maintenance cost with reference to these two craft are furnished.
- (iii). It has clarified that this asset was being used only for port purposes whereas of late it has received requests from the users for the hire of the same. It has confirmed that the overhead cost relating to the hiring of the vessel was not incorporated in the cost statements filed at the time of the last general revision of tariff. Overhead is estimated at 25% of the direct cost to cover certain administration and monitoring work involved in hire of these craft.

4. A joint hearing in this case was held on 9 September 2004 at the COPT premises. At the joint hearing, the users present submitted that they had no objection to the rates proposed by the COPT.

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

- (i). The COPT proposes to fix hire charge for existing craft - L&T Poclain and Barge Vijaya for hiring them by private users. These craft are presently being used by the port itself for shallow water dredging. The existing Scale of Rates of the COPT does not contain any rate for hire of these craft to private users.
- (ii). The users consulted in this case have raised no objection to the rates proposed by the COPT. It will, therefore, not be unreasonable to presume that the rate proposed by the COPT is comparable to the market rate for similar facilities.
- (iii). This Authority generally follows the cost plus model for fixation of tariff for services offered by a major port. In the instant case since the users have no objection to the proposed rate, it may not be necessary to make an in depth analysis of cost details furnished by the COPT. Some discrepancies are, however, observed in the computation of the proposed rate. The estimated repairs and maintenance cost varies from the actual expenses for these craft reported for the year 2003-04. Computation of return on investment is not found to be relevant for fixation of hire charges since the capital cost of L & T Poclain is fully depreciated and the other craft Barge Vijaya is on the verge of completing its useful life. Nevertheless, no modifications in the proposed rates are effected due to the fact that the rates proposed by the COPT are found to be acceptable to the users. That being so, this Authority is inclined to approve the rates proposed by the COPT. This, however, cannot be construed as an endorsement of the costing approach adopted by the COPT which will form precedence elsewhere.

6.1. In the result, and for the reasons given above and based on a collective application of mind, this Authority approves the following ceiling rates of hire charge for L & T Poclain and Barge Vijaya as proposed by the COPT for inclusion in its Scale of Rates:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Ceiling Rate (in Rs.)</b>
(i).	Fixed charges	Per load per 8 hours shift or part thereof	12,000/-
(ii).	Per additional hour or part thereof	Per additional hour or part thereof	1,500/-
(iii).	Rate for loads above one load	Per load	1,000/-

6.2. The rate approved will be ceiling rate in line with the general policy decision already taken earlier.

**( A.L. Bongirwar )**  
Chairman