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**TARIFF AUTHORITY FOR MAJOR PORTS**

**G. No. : - 43**

**New Delhi, 31 March 2005**

**NOTIFICATION**

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

**( A.L. Bongirwar )**

Chairman

**Tariff Authority for Major Ports**  
**Case No. TAMP/26/2003 - TPT**

Tuticorin Port Trust (TPT)

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Applicant

**ORDER**

(Passed on this 15th day March 2005)

This Authority had passed an Order on 20 September 2002 approving the general revision of Scale of Rates (SOR) of the Tuticorin Port Trust (TPT). The Order along with the revised SOR was notified in the Gazette of India on 4 October 2002 vide Gazette No. 224.

1.2. In the said Order, in view of the surplus position, reflected by the cost statements, this Authority had rejected the upward revision of rates proposed by the TPT except for those items specifically approved and had advised the TPT to come up with a suitable proposal in consultation with its users for reduction in tariff.

2.1. In compliance of this Authority's Order, the TPT had filed revised cost statements for the years 2002-03 and 2003-04 earlier, indicating an average deficit of 5.31% and pointed out that there was no case for downward revision; instead there was scope to revise the tariff upwards. Nevertheless, the TPT requested this Authority to continue the tariff at the rates approved in its earlier order to keep it competitive in comparison to the tariff at other Indian ports.

2.2. The cost statement filed by the TPT in December 2003, were scrutinized to eliminate various inconsistency observed therein with reference to the cost statements attached to this Authority's Order dated 20 September 2002. The cost statement modified by us depicted net surplus position almost at the same level as was found at the time of the last general revision. Nevertheless, since the next general revision was due in September 2004, this Authority accepted the request of the TPT to extend the then existing tariff level for one year i.e. till September 2004 with a direction to submit its comprehensive proposal for general review by 30 June 2004. The TPT was also advised to exercise the flexibility already given to it and to reduce the cargo and vessel related charges to extent of net surplus reflected in the cost statements.

3.1. With reference to the decision of this Authority, the TPT has submitted cost statements based on Actual 2003-04 and the Revised Estimates for the year 2004-05. The cost statements filed by the TPT show an average deficit of 5.16% for the years 2003-04 and 2004-05.

3.2. The TPT has stated that despite increase in the traffic from 130.17 lakh tonnes in the year 2001-02 to 141.99 lakh tonnes in the year 2004-05, it could not generate sufficient resources to meet the rising expenditure in capital projects, to meet the outstanding Japanese loan and other capital expenditure proposal for optimization of inner harbour, upgradation of electrical system, etc. Various incentive schemes / rebates have been introduced in the wharfage rates and other tariff items in the wake of competition from neighboring ports which is likely to reduce the operating income. Further, 65% concession has been offered in the vessel related charges in case of main line container vessels in pursuance of the direction from the (then) Ministry of Shipping. This is likely to reduce the operating income by Rs.5.17 crores approximately per annum.

3.3. In this backdrop, and also in view of the deficit position reflected by the cost statement, the TPT has requested to extend the validity of its current SOR till 30 September 2005. The TPT has agreed to submit its proposal for next general review by 30 June 2005.

4.1. The cost statement furnished by the TPT has been examined in the line with the approach followed at the time of the last general revision of the Scale of Rates of the TPT and also with reference to the general principle uniformly followed by this Authority in tariff revision / review process of other major ports and also. Some of the inconsistencies observed therein have been modified.

4.2. The modified cost statement for the port as a whole prepared by us shows average net surplus of 6.77% of the operating income for the years 2003-04 and 2004-05 as against the average net deficit of 5.16% reported by the TPT. The average surplus reflected by the cost statement may reduce if the income estimates are updated for the various concessions offered in its tariff. A detailed analysis of the cost statements will be made at the time of the next review when the TPT files a comprehensive proposal.

4.3. It may be relevant to mention that none of the users have raised any objection on the existing tariff prescribed in the Scale of Rates of the TPT except for reference received from M/s. Vicnivaas Agency about charges leviable on shut out cargo which was disposed of separately by an Order of the Secretary (Shipping). The TPT has filed a separate proposal for amendments in its SOR as regards the provisions for shut out cargo in order to remove ambiguity in the SOR. This case is under consultative stage and final decision in this regard will be applicable as and when the Order is passed by this Authority.

4.4. The request of the TPT is to extend the validity of its SOR upto September 2005. Since the extension sought by the TPT is only for six months from now, this Authority extends the validity of the rates approved earlier till September 2005. As agreed by the TPT, the port is advised to file its proposal latest by 30 June 2005 to enable the next general review its SOR. In case the cost statements are not received within the specified time, this Authority will initiate a suo motu review of its tariff based on the available information.

5. In the result and for the reasons given above, and based on a collective application of mind, this Authority extends the validity of the existing Scale of Rates approved vide its earlier Order number TAMP/31/2002 dated 20 September 2002, as amended subsequently, till 30 September 2005. The TPT is directed to file its comprehensive proposal for next review by 30 June 2005 latest.

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