

## CHAPTER XV : MINISTRY OF SHIPPING

### V.O. Chidambaranar Port Trust

#### 15.1 Injudicious expenditure on outlived tug

**V.O. Chidambaranar Port Trust incurred an injudicious expenditure of ₹ 15.17 crore on repairing of an outlived tug which after unsatisfactory performance was disposed for ₹ 62.57 lakh.**

V.O. Chidambaranar Port Trust owned a tug MT Indira Gandhi (built in 1987) with a life expectancy of 20 years for its shipping operations. When the tug had become due for dry docking (between October 2005 and April 2006) the Deputy Conservator of the Port opined (November 2005) that it would not be economical to incur further expenditure on dry docking as the tug had almost outlived its economical life. Further, a Committee constituted by the Port to assess the status of the tug also questioned (November 2007) the proposed expenditure of ₹ 8.25 crore on dry docking, Voith spare parts and special survey on a tug which had already completed 19 years of its shipping operation.

Despite the above views, the Board resolved (December 2007) to carry out dry docking repair works to tug M.T Indira Gandhi because the time required for procurement of tug ranged between 18-24 months and approved the expenditure of ₹ 8.25 crore. However, the Port repaired the tug at a final cost of ₹ 15.17 crore in 23 months (from May 2007 to April 2009) at Cochin Shipyard Limited (CSL).

Audit noted that, the performance of the revamped tug was poor as revealed from the following facts:

- (a) it was not powerful in shipping operations
- (b) the Port side Voith did not get proper control of the vessel on 750 RPM
- (c) the utilisation of tug was only 12.79 per cent in 2009-10, 9.18 per cent in 2010-11 and 7.26 per cent in 2011-12.
- (d) the tug was mainly used for standby/watch duty purposes and for transporting crew/surveyors from shore to the vessels at anchorage only and
- (e) there were failures in intermediate shaft.

In the meantime, action was initiated for next dry docking and the cost was approximately estimated to be ₹ 5.32 crore. Considering poor performance, age, and estimated expenditure on dry docking of the tug without any further life

assurances, the Board decided (January 2012) to replace the tug. VoCPT finally disposed of the tug in January 2015 for ₹ 62.57 lakh.

Audit observed that Port's failure to assess the workability of the tug and its decision to get the tug repaired/dry docked against the views of the experts and the technical Committee had resulted in injudicious expenditure of ₹ 15.17 crore.

The Port stated (November 2014) that the tug was repaired (a) to meet out Statutory requirement till the end of its life period (b) to attend to problems in Voith (c) Port's another tug M.T. Thiruvalluavar was due for dry docking (d) time required for procurement of new tug ranged between 18-24 months and (e) cost of hiring tug for short term would be high.

The reply is to be viewed in light of the facts that:

(a) The tug had completed its life period of 20 years when the Board decided in November 2007 to go in for dry docking. (b) Voith had given guarantee for only six months and the Committee had stated that no guarantee could be given for other machineries (c) the total time taken for repairing of tug was 23 months. (d) the price of new tug of the same capacity was only ₹ 22 crore in December 2007 and (e) the tug had not yielded benefits commensurate with expenditure.

Thus, Port's decision to incur an expenditure of ₹ 15.17 crore on an outlived tug against the technical opinions for repairing was avoidable and lacks justification.