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Tariff Authority for Major Ports

G.No. 372 **New Delhi,** **10 October 2016**

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Sections 48 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), had disposed of the proposal received from the Cochin Port Trust (COPT) for general revision of its Scale of Rates, in the Meeting of this Authority held on 27 February 2016. However, considering the time involved for notifying (Speaking) Order along with the Scale of Rates, approved by this Authority, this Authority decided to notify only the revised Scale of Rates immediately. Accordingly, the Scale of Rates approved on 27 February 2016 was notified in the Gazette of India on 04 May 2016 vide Gazette No.180. It was stated in the said Notification that this Authority will notify the Speaking Order, in due course of time. Accordingly, this Authority hereby notifies the reasoned Speaking Order connected with disposal of the proposal of the COPT for general revision of its Scale of Rates, and COPT proposals dated 01 June 2016 and 15 June 2016 to amend the revised Scale of rates notified on 04 May 2016 and after taking into consideration the Order No. TAMP/4/2004-Genl. dated 19 May 2016 passed by this Authority as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/58/2015-COPT

Cochin Port Trust **- - -** **Applicant**

QUORUM:

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

O R D E R

(Passed on this 17th day of September 2016)

This case relates to the proposal dated 27 July 2015 received from Cochin Port Trust (COPT) for general revision of its Scale of Rates (SOR).

2. The existing Scale of Rates of the COPT was last approved by this Authority vide Order No. TAMP/49/2011-COPT dated 1 April 2013. The validity of the Scale of Rate of the COPT prescribed in the said Order is till 31 March 2015. The validity of the Scale of Rates stands extended till 31 December 2015 or till the effective date of implementation of the revised Scale of Rates under new Tariff Policy, 2015, whichever is earlier vide Order no. TAMP/49/2011-COPT dated 10 November 2015.

3.1. The COPT had earlier vide its letter dated 3 November 2014 filed its proposal for general revision of its Scale of Rates since the existing Scale of Rates of COPT was due for revision from 1 April 2015.

3.2. The proposal was taken up for consultation with the relevant stakeholders. The comments received from users/ user organization were forwarded to the Port as feedback information. The joint hearing in the subject case was to be scheduled.

3.3. In the meantime, the Ministry of Shipping (MOS) vide its letter No. 8(1)/2014- TAMP dated 13 January 2015 has issued the new "Policy for determination of Tariff for Major Port Trusts, 2015" which was notified in the Gazette of India vide Gazette No. 30 dated 27 January 2015 by this Authority. The new "Policy for determination of Tariff for Major Port Trusts, 2015" has come into effect from 13 January 2015. Thereafter, as per Clause 1.5. of the Tariff Policy 2015, Working Guidelines to operationalize the Tariff Policy 2015 on 4 June 2015 was finalized in consultation with all Major Port Trusts and notified in the Gazette of India.

The tariff fixation process envisaged in the new Tariff Policy of 2015 for Major Port Trust by MOS, is significantly different from the tariff fixation method stipulated in the Tariff Guidelines of 2005. This Authority, therefore, passed an Order closing general revision proposal dated 3 November 2014 and advised COPT to file a revised proposal in accordance with the new Tariff policy of 2015 announced by the MOS.

4.1. In this backdrop, the COPT has filed its proposal vide its letter dated 27 July 2015 for general revision of its Scale of Rates following Tariff Policy 2015. The COPT has furnished cost statement in the format prescribed alongwith proposed SOR and Performance Standards. The computation of ARR, Revenue estimation at the proposed tariff and other cost statements attached to the proposal are duly certified by the practicing Charted Accountant. The COPT has made the following submissions in its general revision proposal:

(i). The Tariff for vessels & container related charges are proposed only in US $ and their coastal rates will be assessed after discounting to 60% of the foreign tariff at the applicable exchange rate subject to decision from the MOS permitting the Major Ports to levy their Coastal tariff at rates not exceeding 60% of the corresponding tariff foreign vessels without insisting on denominating the coastal tariff in INR.

[*It is relevant to mention here that the MOS has vide its letter dated 17 September 2015 amended its coastal concession policy of January 2005. Based on the direction of the MOS, this Authority has vide Order No. TAMP/4/2004-Genl. dated 5 October 2015* *amended the existing SOR of all Major Port Trust and the concerned BOT operators. As per the said Order, vessel related charges for coastal vessel as well as for coastal container related charges where the rates prescribed in US$ for foreign category, shall be upto 60 % of the rate prescribed for the foreign category by taking in to account the exchange rate fluctuation.]*

(ii). The Average Annual Revenue Requirement of the Port is ₹384.14 crores. The average income during the corresponding period is ₹190.95 crores at the existing tariff and for the financial year 2014-15 it is ₹218.90 crores. The COPT has stated that the reasons for deficit is mainly due to the following factors:

(a). Increase in Maintenance dredging cost.

(b). Sub-optimal performance of the ICTT since its commissioning.

(c). Operational issues of Petronet LNG Limited leading to capacity underutilization and

(d). Increase in Manpower cost due to wage revision of Gr. C & D employees w.e.f., 01/01/2012.

(iii). Within the ambit of Tariff Policy 2015, the port has proposed to revise the rates marginally. The revenue estimation at the proposed tariff as per Form – 3 is ₹290.42crores which is within the ceiling ARR of ₹384.14 crores.

(iv). (a). The COPT has stated that as per the agreement entered between COPT and Petronet LNG Limited (PLL), Port has extended a special rate for pilotage on adhoc basis and in the case of Port Dues, the existing rate for SPM is made applicable for LNG Vessels.

(b). The COPT has stated LNG operations are presently taking place only with 8% Capacity utilization. The port will submit a firm proposal once the number of vessels calling at the facility stabilizes.

4.2. The COPT has furnished detailed computation of Annual Revenue Requirement (ARR) under Form 1. A summary position of ARR computation furnished by COPT is tabulated below:

(₹ in Crores)

Sl. No.	Description	Y1 (2011-12)	Y2 (2012-13)	Y3 (2013-14)
(1).	**Total Expenditure (As per Audited Annual Accounts)**	426.12	511.19	566.47
(2). (a)	**Less Adjustments:**			
(i).	Estate related expenses	37.89	52.28	60.00
(ii).	**Interest on loans**	20.45	16.59	19.42
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(a).WRC Arrears	-	-	25.78
(iv).	**4/5th of the Contribution to the Pension Fund**	89.54	92.66	108.46
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	57.48	50.94	50.70
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**	-	-	-
	Total adjustments	**205.36**	**212.47**	**264.36**
(3).	**Total Expenditure after Total Adjustments (5 = 1-2)**	220.76	298.72	302.11
(4).	Average Expenses of SI. No. 3 = [Y1 + Y2 + Y3] / 3	273.86		

(5).	**Capital Employed**	
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)	422.30
	(ii). Add : Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)	23.67
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.	36.00
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts.	-
	(v). Less: Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.	-
	(vi). Add: Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines	60.04
	(vii). Total Capital Employed	470.01
(6).	**Return on Capital Employed 16% on Sl. No. 7(vii)**	75.20
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**	349.07
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15**	**6.00%**
(9).	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**370.01**
(10).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16**	**3.82%**
(11).	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**384.14**
(12).	**Revenue Estimation at the Proposed indexed SOR within the ceiling indexed ARR estimated in Sl. No.11 above**	**290.42**

4.3. The main modifications proposed in the existing Scale of Rates are as follows:

(a). **Chapter II – Vessel Related Charges**:

(i) (a). Increase proposed in the Port Dues by 5% & Pilotage charges by 5% except pilotage charges for vessels at SPM & STS which is retained at the existing level.

(b). It has proposed to include the charges for LNG vessels under the category of SPM & STS.

(ii) The COPT also proposed to introduce the charges for Pilotage services for berths other than port's berths at a composite fee of ₹2 lakhs for package of pilot, upto two tugs and mooring boat for 2 hours ₹75,000 per hour or part thereof for excluding two hours. Additional tug charges proposed at ₹50,000 / tug / hour.

(iii) Increase in the Misc. Pilotage fees for barges by 40%. [Existing two slabs rates for below 200 GRT and above 200 GRT is done away with and a uniform rate is proposed.]

(iv) Increase in shifting charges linked to pilotage fee by 100% i.e., from existing 25% of Pilotage fee to 50% of Pilotage fee.

The reason for seeking the increase is that the shifting activity is similar to one movement: inward or outward of pilotage activity. The manpower, number of tugs and launches, time etc. required are the same as for one movement of pilotage activity.

(v) Increase in shifting fee for Barges in the range of 50% to 60%. [Uniform rate is proposed at US $ 24.85.]

(vi) The Hire charges for Floating Craft at Schedule 2.2.4. is proposed to be deleted from the existing SOR:

However, in respect of charges for hire of Floating craft for the purpose of Mooring Tug, the port proposed to combine Port Tug Charges and Hired Tug Charges.

(vii) Schedule 2.2.5 of SOR relating to dry dock charges is also proposed for deletion as the Port's Dry Dock and Workshop were handed over to Cochin Shipyard Ltd., on 12 April 2013 for setting up an International Ship repair facility.

(viii) The berths are reclassified based on the comparable facilities/services provided in these berths. Increase in berth hire charges proposed in the range from 3% to 43%. [Port has stated 40%.]

Berth hire charges prescribed for any other vessel mentioned under point 4 & 5 of Schedule 2.3.2. is proposed to be deleted.

(ix) Charges for supply of fresh water to vessels for both the options i.e., through barges and shore proposed to be increased by 10%.

(x) The COPT proposes to change the description of item 2 under the category of Barge jetties (Clause 2.15) as "FACT Ammonia Jetty" instead of "Near SCB" without any change in the tariff.

(xi) The COPT also proposes to double the Berth Hire charges for all Research Vessels, Supply Vessels, Pleasure Yatchs, Oil Rigs and other Non-Cargo Vessels excluding passenger ships, Navy Vessels, Coast Guard Ships and Ships/Barges for bunkering. The Port has also proposed to double the normal berth hire applicable on cargo ships idling on ship's account for 24 hrs or more during and after operations.

(b) **<u>Chapter III – Cargo Related Charges</u>**:

(i) Proposed to merge the Special Dredging levy with Wharfage on POL Products & Crude Oil and propose to make it applicable at all the Port Berths at ₹103/- per MT (i.e.₹65/- towards Wharfage + ₹38/- towards Special Dredging Levy.)

(ii) The COPT has also proposed to increase the wharfage by 10% to 20% for certain cargo other than POL & Crude Oil as follows:

(Figures in ₹)

Description of Commodity	**Prevailing Group**	**Unit**	**Tariff as per the prevailing SOR**	**Tariff proposed under proposed SOR**
Clinker, Clay, Chalk	Construction and building materials	MT	72.80	80.10
Defence goods	Defence goods	MT	217.55	261.10
Sulphur	Fertilizers – raw material and finished – at Q10 berth	MT	62.00	68.20
Rock phosphate		MT	57.00	62.70
Sulphur	Fertilizers – raw material	MT	86.80	95.50

Rock phosphate	and finished – at other berths	MT	79.80	87.80
Food grains, oilseeds, cereals, pulses, bran of all kinds	Food grains, oilseeds, cereals, pulses, bran of all kinds	MT	61.60	67.80
Fuel for Ship's bunkers	Fuel for Ship's bunkers	MT	40.00	48.00
Crude oil - at Port Berth	Liquid cargo	MT	65.00	103.00
POL products - at Port Berth		MT	65.00	103.00
Liquid ammonia		MT	119.00	142.80
Phosphoric acid		MT	109.20	131.10
Molasses, edible oils & other liquids		MT	91.00	109.20
By RO-RO system	Motor vehicle except motor cycle	Per vehicle	1500.00	1800.00
Other than by RO-RO system		Per vehicle	3000.00	3600.00
Salt	Salt	MT	14.00	25.10
Sugar, Raw Sugar	Sugar, Raw Sugar	MT	62.00	74.40
Sludge, Oily waste	Sludge, Oily waste	MT	90.00	108.00
Timber logs	Wood timber and products	Cu. M.	34.00	40.80
Wood, bamboo, wood products		MT	78.40	84.10
Wood Pulp		MT	57.40	68.90

(iii) The COPT has proposed to delink certain items from the prevailing group and proposed as a separate item with a new wharfage rate as follows:

(Figures in ₹)

Name of Cargo	Prevailing Group	Tariff as per the prevailing SoR	Tariff proposed under proposed SoR
Raw Cashew Nut	Cashew, Nuts & fruits	50.00	60.00
Cement	Cement, Clinker, Clay, Chalk	72.80	87.40
Sulphuric Acid	Molasses, Edible Oils & Other liquids	91.00	131.10
Petrolchemicals	Molasses, Edible Oils & Other liquids	91.00	120.20
Zink Concentrate	Minerals and Ores	72.80	87.40
Others - Minerals and Ores	Minerals and Ores	72.80	80.10

(iv) The COPT has also proposed to delete certain items from the schedule of Wharfage for Bulk & Break Bulk Cargo (Clause 3.1 of Chapter – 111) stating that they have been containerized and no longer arrive as bulk or break bulk cargo are as follows:

(a) Coir, Coir Products, Jute, Jute products (sl. No.3)
(b) Cotton, Cotton waste, Twist yarn, wool, clothes and cotton piece goods. (Sl.No.5)
(c) Paper products and Newprint (Sl.No.17)
(d) Un-accompanied personal baggage (Sl. No.23)

(v) The COPT has proposed to include a separate item in the Schedule of Wharfage as Waterfront Royalty – LNG under Liquid Cargo and the rate proposed is ₹124.416 per tonne based on the MoU entered into between the COPT and PLL.

(vi) The COPT has also proposed to include the Pet Coke as a separate item in the Schedule of Wharfage duly quoting the clarification given by the MOS vide Order No.F.No.PD-19017/2/2014-PD.VI dated 01 July 2014 without proposing any hike in the Wharfage rate.

(vii) Demurrage charges is retained as per the existing SOR.

(viii) Charges for storage of cargo at transit area on licenses basis

(a). This Authority in the last tariff revision Order notified on 10 June 2013 has at para 12 (xxvi) (a) & (b) had advised that COPT should come up with a separate proposal for revision of the storage charge of cargo at transit sheds and warehouses following the procedure stipulated in the Land Policy guidelines on the storage charges in the Notification No.TAMP/49/2011-COPT dated 1 April 2013. The COPT, however, has stated that fixing charges for storage of cargo at transit sheds and warehouses on licence basis is in lieu of demurrage and its present proposal is to discourage storage for longer durations. Port is of the view that allotment of areas has to be considered as an alternative to storage on demurrage basis outside the purview of the Land Policy Guidelines.

(b). Citing the advice rendered in the last general revision Order, COPT has stated that the tariff related to license fee at transit area is presently proposed to be kept outside the scope of LPG due to the reasons that the Transit Area is allotted only to the owners and agents of cargo who store the import/export cargo on account of ship operations and the allotment is also vessel-wise. But, in the current proposal, the COPT has proposed to shift the license for storage of cargo from Schedule 3.2.3. under Cargo Handling Charges to Estate Rentals. The COPT has proposed to reduce the existing license fee as given below:

Particulars	**Existing Schedule under Cargo Handling Charges**		**Proposed Schedule under Estate Rentals**	
	Rate per SQM per week or part thereof from the date of allotment (as per Existing SOR)		**Rate per SQM per week or part thereof from the date of allotment (as per proposed SOR)**	
	Covered Storage	Open Storage	Covered Storage	Open Storage
Upto 4 weeks	12.50	10.00	12.50	10.00
5th to 8th weeks	18.75	15.00		
9th week onwards	25.00	20.00	15.00	12.00

The clause for collection of minimum charges of ₹250/- per week is retained at the existing level:

(c). The COPT also stated that the rates will be revised along with the revision of Lease rentals for which the proposal will be submitted shortly.

(c). **Chapter IV – Hire Charges for Port Equipments**:

(i) Increase proposed in the charges for Light duty Forklift Trucks (Clause 4.1) from ₹588/- to ₹800/-. The increase proposed is on account of increase in expenses due to wage revision and fuel inflation. Further, the COPT has stated that there was no increase in these charges from the last revision of SOR happened in 2010.

(ii) Fixed hire charges of Floating Crane and Oil skimmer proposed to be increased from ₹2000/- to ₹10000/- and ₹1000/- to ₹5000/- respectively.

(iii) TAMP vide its Order No.TAMP/7/2013-COPT dated 30 September 2014 notified the charges for 40T Mobile Harbour Cranes for ₹32.89 for Dry Bulk cargo and ₹123.66 for Break Bulk cargo for foreign going vessels and ₹19.73 and ₹74.20 respectively for coastal vessels and the validity is made co-terminus with the validity of the existing general Scale of Rates.

The COPT has proposed to increase the charges for Mobile Harbour Cranes to ₹40/- for Dry Bulk cargo and ₹42/- for Break Bulk cargo for foreign vessels and ₹24/- and ₹25.20 respectively for coastal vessels duly proposing to retain the minimum charges at the existing level.

(d). **<u>Chapter V – Container related Charges</u>**:

(i) Wharfage charges, Lift on / Lift off charges and Reefer charges for containers proposed to be increased by 20% for all categories of containers.

(ii) Charges for examination of import and export containers for clearance at Schedule 5.1.4 proposed to be increased by 25% i.e., from ₹400/- to ₹500/-.

(iii) 33% increase proposed is for Ground Rent on containers (Schedule 5.1.5).

(iv) Increase proposed in Stuffing & De-stuffing charges for full/half a container at CFS (Schedule 5.2.1) is as follows:
20’ Containers = 12.32%
40’ Containers = 15.55%

(v) The COPT has stated that they have forwarded a proposal for revision of de-stuffing charges for UB containers vide their letter dated 10 January 2014 and which is pending with TAMP. Subject to approval by the TAMP for above proposal, it has proposed to increase the charges by 12.32% for 20’ containers and 15.55% for 40’ container in the proposed SOR.

[In this connection, it is relevant to submit that this Authority has vide Order No.TAMP/9/2014-COPT dated 30 September 2014 approved the de-stuffing charges for UB containers. Hence, the COPT’s statement that it is pending for approval is not factually correct]

(vi). While proposing for an increase in the charges in respect of containers, the COPT has stated that the Container related charges are a mixture of container charges at the Terminal such as Wharfage and Ground Rent on various type of containers clubbed with CFS charges including stuffing, de-stuffing and storage and accordingly, a separate chapter for CFS is proposed with consolidated operations apart from Terminal Charges. The following changes are proposed by the COPT:

(a). The COPT has proposed to retain the storage charges (clause 5.2.2) as notified by this Authority vide Notification No.TAMP/49/2011 dated 10.06.2013 except the charges applicable periodicity of occupation after 30th day i.e., (4th Slab). For the period after 30th day it has proposed to reduce the storage charges from $12 to $8, $24 to $16 and $36 to $24 for 20’ Containers, 40’ Containers & above 40’ Containers respectively.

(b). The COPT has proposed to increase the Storage Charges on Import Cargo (Clause 5.2.3) of ₹12/-, ₹20/- and ₹40/- to ₹20/-, ₹30/- and ₹50/- for covered area and from ₹10/-, ₹14/- and ₹24/- to ₹16/-, ₹24/- and ₹40/- for open area duly retaining the free period of 3 days.

(c). The COPT has proposed to increase the Storage Charges on Export Cargo (Clause 5.2.4) of ₹12/-, ₹20/- and ₹40/- to ₹20/-, ₹30/- and ₹50/- for covered area and from ₹10/-, ₹14/- and ₹24/- to ₹16/-, ₹24/- and ₹40/- for open area duly retaining the free period of 5 days.

(d). The COPT has proposed to increase the Storage Charges on Personal Effects/ Unaccompained Baggage De-stuffed from Containers (Clause 5.2.5) from ₹50/-, ₹80/- and ₹150/- to ₹80/-, ₹120/- and ₹200/- duly retaining the free period of 3 days.

(e). **<u>Chapter VI – Misc. Charges</u>**:

(i) Charges for Port's Equipment (Schedule 6.1) is proposed to be deleted stating that the Fire Tender is maintained for Port's Use and not in a position to hire out.

(ii) The COPT has also proposed to increase the charges for Erective Hoardings, charges for photographs / shooting films.

(iii) The COPT has proposed to fix the monthly rate of ₹250/- per Sq.m. and the rate is applicable for all bunks i.e., for old Bunks and new Bunks.

(iv) All the other miscellaneous charges for other facilities proposed to be retained at the existing level.

(v) The COPT has also proposed to include some misc. charges under Chapter VIII duly de-linking from Chapter VI.

4.4. The Performance Standards proposed by COPT in Form-5 are as follows:

Sl. No.	**Performance Parameters**	**Proposed Performance Standards**
(1)	**Cargo Related Services**	
(a)	Average Ship Berth day Output (in tonnes) in respect of Major Cargo groups	
	(i) Break Bulk	492
	(ii) Containers	16044
	(iii) Dry Bulk	4801
	(iv) Liquid Bulk	26453
(b)	Average Moves per hour (in TEUs) in respect of Containers	26.90
(2)	**Vessel Related Services**	
(a)	Average Turnaround Time of Vessels (in days)	1.69
(b)	Average Pre-Berthing Time of Vessels (in days)	0.84
(3)	**Any other parameters found relevant by the Port**	---

5.1. As per clause 5.2 of Tariff Policy guidelines 2015, the Major Port Trusts shall host the draft SOR along with the proposed Performance standards in its website giving the designated email address of Port as well as this Authority for comments of relevant stakeholders / users within 15 days time.

5.2. The COPT was, therefore, vide our letter dated 10 August 2015 requested to confirm the hosting of draft SOR along with the proposed Performance standards in its website duly providing the designated email address of Port as well as this Authority for comments of relevant stakeholder / users within 15 days time. The COPT was also requested to communicate about the same to all the relevant stakeholder / users as per the list enclosed and also intimate this Authority when action is completed. The COPT was also requested to submit its replies on the comments to be received from

Port Users to this Authority not later than 15 days from the last date of receipt of comments from the port users as per clause 5.3 of the Tariff Policy 2015.

Though the COPT has not confirmed that it has hosted the proposal in its website and communicated of the same of the concerned stakeholders, the users and users organization have responded to the port's proposal with their comments.

5.3. The comments received from the concerned users / user organisations on the subject proposal were forwarded from time to time to COPT as feedback information. The COPT vide its letter dated 3 September 2015 has furnished its reply. It is seen from the reply of COPT that Steamer Agents' Association and the Cochin Custom House Agents' Association have submitted their comments directly to COPT.

6. The COPT vide its letter dated 15 September 2015 has forwarded a copy of the Board Resolution no.81 dated 22 August 2015 passed by COPT's Board of Trustees in the 3rd Ordinary Meeting held on 22 August 2015. As per the resolution, the Board has resolved to approve the proposal for General Revision of Scale of Rates as per clause 3.1.2 of tariff entry guidelines 2015. The Board has also resolved to ratify the action taken by the Port Management in submitting the tariff proposal to TAMP.

7.1. A joint hearing in this case was held on 27 October 2015 at the COPT premises. The COPT made a brief Power Point presentation of its proposal. At the joint hearing, the COPT and the concerned users/ user organizations have made their submissions.

7.2. As agreed at the joint hearing, the COPT was requested vide our letter dated 3 November 2015 to take action on the following points arising out of joint hearing proceedings:

(i). At the joint hearing, M/s. Petronet LNG Limited. (PLL) submitted their written submission dated 27 October 2015 on the proposal of COPT. The COPT to furnish its comments on the written submissions made by PLL latest by 6 November 2015.

(ii). Most of the users/ user associations objected to the tariff increase proposed by COPT. In view of the objection raised by the users, the COPT to examine whether any moderation is required in the proposed tariff.

(iii). Users/ user organizations were allowed 7 days' time i.e. upto 3 November 2015 to furnish their additional comments/ written submission, if any, to the COPT and simultaneously to this Authority. The COPT is requested to furnish its comments thereon within 3 days' time thereafter.

(iv). The COPT also to give feedback or comments on invoices for vessel related charges raised by NMPT, COPT, JNPT and MOPT.

7.3. With reference to the first point of action referred above, the COPT vide its letter dated 7 January 2016 has furnished its comments.

7.4. With reference to the second point of action as mentioned at para 7.2 above and on the copies of invoices submitted by the CSAA, the COPT has not furnished any comments till finalization of the case.

7.5. With reference to the third point of action as mentioned at para 7.2 above, M/s Parisons Infrastructure Private Limited (PIPL) has furnished its comments vide its email dated 11 November 2015 which was forwarded to COPT vide our letter dated 17 November 2015 for its comments. The COPT has furnished its comments.

8. On a preliminary scrutiny of the proposal filed by the COPT, the COPT was requested vide our letter dated 6 November 2015 to furnish additional information/clarifications on various points by 13 November 2015. The COPT vide its e-mail dated 23 November 2015 has furnished the information/clarifications. A summary of information/clarification sought by us and reply furnished by COPT thereon is tabulated below:

Sl. No.	Information/clarification sought by us	Reply furnished by COPT
I.	**General**	
(i).	The COPT was requested vide our letter dated TAMP/58/2015-COPT dated 10 August 2015 to confirm the hosting of draft SOR along with the proposed Performance Standards in their website. The COPT to confirm the position.	Copt has hosted the draft SOR along with the proposed Performance Standards in the website on 30.08.2015 and intimated the users along with the site link by e-mail on the same day. The users were requested to submit the comments, if any, within 15 days time.
(ii).	As per Clause 2.10 of Tariff Policy for Major Port Trusts, 2015, tariff arrangement for captive berths/ facility where a separate tariff arrangement is prescribed in the mutual agreement entered into by the port and the concerned user, will continue to be governed by the respective agreement. Tariff for captive berths/ facilities not covered by specific agreement will continue to be prescribed by TAMP. The explanatory note below the wharfage schedule in Chapter III proposed by COPT makes a mention that COPT has entered into a Memorandum of Understanding (MOU) with the Petronet LNG Ltd (PLL). The Agreement of Lease entered between the COPT and the PLL made available to us by the PLL by its Writ Petition No.5565 of 2015 on the issues of lease rent makes a mention about the Concession Agreement dated 12 March 2009 for setting up of LNG Port Project in the Puthuvypeen SEZ at Cochin Port. The proposal dated 27 July 2015 filed by the COPT at para 31 mentions that the COPT has extended a special rate for Pilotage on adhoc basis. In this context, the COPT to furnish/ clarify the following:	
(a).	A copy of MOU entered between COPT and PLL.	There is no MOU between CoPT and PLL
(b).	A copy of Concession Agreement entered between COPT and PLL, if any.	Enclosed
(c).	The tariff arrangement followed for the services rendered by the PLL and the services rendered by COPT to PLL.	The services rendered by the Port to PLL are based on the concession agreement.
(d).	Confirm whether the special rate for pilotage extended to PLL on adhoc basis is within the ceiling rate of pilotage prescribed in the existing Scale of Rates of COPT.	Yes. The tariff extended to PLL is within in the ceiling rate of pilotage prescribed in the existing SOR. i.e. 60% of SPM Pilotage (0.4259 US$)
(e).	Whether tariff for PLL is to be prescribed by this Authority in light of clause 2.10. of Tariff Policy for Major Port Trusts, 2015.	As per clause 9.2 of the Concession Agreement with PLL, TAMP notified rates for Port Dues & Pilotage charges have to be paid by PLL.
(f).	If tariff for PLL is required to be fixed separately as per Clause 2.10 of Tariff Policy for Major Port Trusts, 2015, then, the relevant expenditure and capital employed need to be excluded (giving break-up of traffic, expenditure and capex relating to PLL excluded) while arriving the ARR. If not, the income likely to accrue from the PLL cargo and vessels may have to be included in the revenue estimation. The position followed in this regard in the cost statement now filed by	Income in respect of cargo and vessel likely to accrue from PLL has been considered in the revenue estimation.

	COPT need to be examined by COPT and clarified.	
(g).	If tariff for the PLL needs to be prescribed by TAMP in pursuance of clause 2.10. of Tariff Policy for Major Port Trusts, 2015, the reasons for not getting the tariff for PLL approved by TAMP.	The first LNG vessel arrived only in Aug'2013. In 2013-14 only 2 vessels arrived at LNG Berth and in 2014-15 only 7 vessels arrived. Since the LNG terminal is working at less than 5% utilization, the Port could not arrive at a conclusion on separate rate for LNG vessels. The pipeline system for evacuating the LNG from the terminal is not completed. Hence the terminal not operational.
(iii).	The COPT has not furnished its comments on the comments received from Cochin Steamer Agents Association which was forwarded to the COPT. The COPT to furnish its comments thereon.	The comments of Cochin Steamer Agents Association dated 05.01.2015 is based on the previous proposal submitted by CoPT in Nov'14. These comments were not submitted to the Port as per the Tariff Policy 2015. Hence the reply was not given for the same. However, the Port would like to clarify that the increase proposed in VRC is only 5% and the Port is extending concessions on VRC for Container vessels to remain competitive with the Colombo rates. In the case of Fresh water supply, the Port ensures prompt supply of water to the vessels through barges and the Port has to incur expenditure for maintaining barge and its employees. As noted by the Steamer Agents Association, container vessel operations at Cochin Port are licensed to the BOT operator, IGTPL, which is governed by a separate Scale of Rates approved by the TAMP. However, Cochin Port is still retaining a chapter on container related tariff for ship operations for the reason that the License Agreement between CoPT and IGTPL permits handling of Defence Cargo vessels, and Combi vessels carrying containers as deck cargo with the total number of moves at the port not exceeding 25. Evidently, for servicing such vessels, CoPT requires a container related tariff, which has been proposed under Chapter V. The tariff for the CoPT CFS is proposed under chapter VI, which has been proposed competitively with respect to the tariff at the private CFSs operating in the area. It may be noted that while certain tariff items have been proposed to be increased, there are certain tariff such as Storage Charges on containers at the CFS, which have been reduced from that of the earlier order. The progression of storage charges for 20' containers after free period at $3-6-12 in the current SoR has been reduced to $3-6-8 and for 40' containers from $6-12-24 to $6-12-16 even though the third slab of $12 for 20'and $24 for 40'containers was not operated, and the second slab of $6 and $12 respectively for 20' and 40' containers was allowed to continue through a concession in the present tariff arrangement. Now, the same has been rationalized and proposed. Also, the free period for containers has been increased to five days against three days in the current SoR order even though

<table>
<tr><td></td><td></td><td>five days have been permitted as a concession on the ceiling rates.</td></tr>
<tr><td>II.</td><td><u>Form No.1</u>
Clause 2.2 (iii) of the Tariff Policy, 2015 stipulates that only 1/5th of the contribution to Pension Fund should be considered for the computation of ARR. This means 4/5th of this contribution to Pension Fund should be excluded. It is, however, seen from note 3 of the working attached to Form 1 that the COPT has excluded 4/5th of contribution to Gratuity fund also. The reasons for doing adjustment with reference to contribution to Gratuity fund may please be explained.</td><td>While excluding 4/5th of the Contribution to Pension Fund, contribution to Gratuity fund was also taken by oversight. The mistake has been rectified and modified Form 1 is furnished.</td></tr>
<tr><td>III.</td><td><u>Form No.3:</u></td><td></td></tr>
<tr><td>(i).</td><td>As per Annexure A of Form 3, the total cargo traffic considered for revenue estimation of wharfage charge is 21.20 Million Metric Tonnes (MMT). This traffic presumably relates to the year 2014-15. The actual traffic handled by the COPT obtained from the website of the Indian Port Association is 21.59 MT. The COPT to reconcile the mismatch in the cargo traffic considered in the revenue estimation vis-à-vis the actual traffic of the year 2014-15. The COPT to furnish a copy each of the Draft (if not yet audited) Annual Accounts and Administrative Report for the year 2014-15.</td><td>The difference is due to non-inclusion of LNG quantity in the cargo traffic. The revised Form 3 (Annexue A – Cargo) is furnished.</td></tr>
<tr><td>(ii).</td><td>The GRT of vessels considered in the revenue estimation from Port Dues, Pilotage and Berth Hire charges is not uniform for all the three tariff items as shown below:
<table>
<tr><th rowspan="2">Vessel type</th><th colspan="3">GRT considered in estimating the revenue from</th></tr>
<tr><th>Port Dues</th><th>Pilotage</th><th>Birth Hire Charges</th></tr>
<tr><td>Foreign Vessels</td><td>1,96,63,613</td><td>1,97,03,765</td><td>1,26,19,476</td></tr>
<tr><td>Coastal Vessels</td><td>44,59,303</td><td>85,96,299</td><td>71,43,563</td></tr>
<tr><td>Total</td><td>2,41,22,916</td><td>2,83,00,064</td><td>1,97,63,039</td></tr>
</table>
The COPT to explain the reasons for mismatch in the GRT figures.</td><td>
<table>
<tr><th>Activity</th><th>GRT</th><th>Reasons for mismatch</th></tr>
<tr><td>Port Dues</td><td>241,22,916</td><td>The segregated ballast and the consequent lesser GRT is applicable for Port dues in the case of tanker vessels. Also Port dues are collected once in 30 days in the case of coastal vessels. Hence the difference in GRT compared to GRT taken for Pilotage.</td></tr>
<tr><td>Pilotage</td><td>283,00,064</td><td>Actual GRT for 2014-15</td></tr>
<tr><td>Birth Hire Charges</td><td>197,63,039</td><td>No berth hire for SPM&LNG. Hence the difference compared to GRT taken for Pilotage</td></tr>
</table></td></tr>
<tr><td>(iii).</td><td>The Annexures appended to Form No.3 in support of estimation of income from vessel related charges like Port Dues, Pilotage and Berth Hire charges is not supported by detailed workings for arriving at the revenue estimation as required by Clause 2.9 of the working guidelines. Please furnish the workings indicating the rates considered to arrive at the proposed ARR. Please furnish excel working also with linkages for ease of understanding.</td><td>Detailed workings with linkages are furnished.</td></tr>
</table>

<table>
<tr><td>(iv).</td><td>The foreign exchange rate (US $) at which the income from foreign vessels is estimated may please be indicated. Also, confirm it reflects the prevailing exchange rate.</td><td>Average exchange rate taken for the calculation of proposed tariff is Rs.61.16 based on the average foreign exchange rate for 2014-15.</td></tr>
<tr><td>(v).</td><td>The unit rate considered for estimating vessel related revenue from coastal vessel may be indicated in the revenue estimation. It is relevant to state here that the MOS has recently vide its letter No.8/(15)2015-TAMP dated 17 September 2015 issued a direction to the Authority to partially modify the coastal concession policy issued by the (then) Ministry of Shipping, Road Transport & Highways (MSRTH) in January 2005. As per the said direction of the MOS, vessel related charges for coastal vessel should take into account the exchange rate fluctuation of the Indian Rupee vs the US$ so that vessel related charges for all coastal vessels do not exceed 60% of the corresponding charges for other vessels and these charges will be collected in Indian Rupees at the applicable exchange rate. Also, as regards container related charges denominated in US$ for foreign containers, the tariff for coastal container shall not exceed 60% of the corresponding charges applicable for other foreign containers and these charges will be collected in Indian Rupees at the applicable exchange rate.
Based on the direction of the MOS for immediate prescription of rates for coastal vessel and coastal container, the Competent Authority has passed an Order No. TAMP/4/2004-Genl dated 5 October 2015. The said Order is notified and the gazette details are being separately communicated to all the Major Port Trusts including COPT. The COPT to reassess the revenue estimation from the coastal vessel and for containers in line with the above said Order taking into consideration the prevailing exchange rate.</td><td>The Port has reassessed the revenue estimation from the coastal vessel and for containers in line with the above said Order taking into consideration the average exchange rate for 2014-15 (i.e.61.16%).</td></tr>
<tr><td>(vi).</td><td>As per Clause 2.9. of the revised Working Guidelines, the Port Trust has to furnish detailed working of income for each of the tariff items proposed in the SOR and establish that the sum of revenue so determined is within the ceiling ARR. It is, however, seen that revenue estimation in Form 3, does not cover revenue estimation for a few tariff items, though revised rate is proposed in the draft SOR. Moreover, it is seen that the port has not captured the revenue estimation for a new tariff items proposed in the draft SOR. The list of tariff items for which revenue is not captured in the Form-3 is made available to the COPT. The COPT to consider revenue for these tariff items as well as required in the revised Working Guidelines.</td><td>The COPT has furnished a statement showing the revenue indicating the relevant clause for certain items :
<table>
<tr><th>Particulars</th><th>Respective Schedule under existing SOR</th><th>Respective Schedule under existing SOR</th><th>Increase proposed by COPT</th><th>Remarks from CoPT</th></tr>
<tr><td>Pilotage for Barges</td><td>2.2 (1)</td><td>2.2.5. (1)</td><td>107% to 400%</td><td>Revenue accounted under Pilotage Fees. There is no income generated in the FY 2014-15</td></tr>
<tr><td>Shifting Charges for Barges</td><td>2.2.3. (i)</td><td>2.2.6.</td><td>62.31% to 94.90%</td><td>Revenue accounted under Shifting Charges. There is no income generated in the FY 2014-15</td></tr>
<tr><td>Charges for Mooring Tug</td><td>2.2.4</td><td>2.2.4</td><td>From `18620 to US$606.56</td><td>Revenue captured in the Form 3</td></tr>
<tr><td>Charges for Harbour Mobile Cranes for Dry Bulk cargo</td><td>4.5</td><td>4.5</td><td>22.62%</td><td>Revenue captured in the Form 3</td></tr>
</table></td></tr>
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<tr><td>Storage Charges – Import Cargo De-stuffed from Containers</td><td>5.2.3</td><td>6.6</td><td>60% to 71%</td><td>Revenue accounted under the Import Demurrage Chages</td></tr>
<tr><td>Storage Charges – Export Cargo admitted for stuffing into Containers at CFS and other facilities</td><td>5.2.4</td><td>6.7</td><td>60% to 71%</td><td>Revenue accounted under the Export Demurrage Chages</td></tr>
<tr><td>Charges for use of de-ballast tank, transfer /inter-transfer of POL products</td><td>6.5</td><td>7.4</td><td>50%</td><td>Revenue captured in the Form 3</td></tr>
<tr><td>License fees for jetties, piers etc. (for the increase proposed)</td><td>6.11</td><td>7.9.1</td><td>15.80%</td><td>Revenue captured in the Form 3. Please read the Clause No. 7.9. instead of 7.10</td></tr>
<tr><td>License fees for others who rent out their existing waterfront jetties for tying up Valloms & Boats belonging to other owners</td><td>--</td><td>7.9.2</td><td>New item</td><td>Revenue captured in the Form 3. Please read the Clause No. 7.9. instead of 7.10</td></tr>
<tr><td>For Other than mentioned in 7.9.1 & 7.9.2</td><td>--</td><td>7.9.3</td><td>New item</td><td>Revenue captured in the Form 3. Please read the Clause No. 7.9. instead of 7.10</td></tr>
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<td>(vii).</td>
<td>The COPT has at page 9 at para 23 (f) of the proposal stated that, its proposal dated 10 January 2014 as regards de-stuffing charges for UB Container is awaited for approval of the Authority. In this regard, it is relevant to state that the Authority vide Order No.TAMP/9/2014-COPT dated 30 September 2014 has already approved charges for De-stuffing for UB containers at ₹4140 for 20’ containers and ₹6750 for 40’ containers (for full container load) which was communicated to COPT vide our letter No.TAMP/9/2014-COPT dated 3 June 2015. Hence the said proposal is not pending for approval as stated by the port.</td>
<td>The Port has received the approval from TAMP vide the letter mentioned and hence withdrawing the comments from the proposal.</td>
</tr>
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<td>(viii).</td>
<td>The COPT has proposed to delete certain provisions from the existing Scale of Rates (SOR) and proposed to include some new provisions in the proposed draft SOR. In this regard, it is to mention that Clause 2.12. of the revised Working Guidelines issued by TAMP stipulates that if new condition is introduced or if existing condition is modified due to operational reason or contingency, the port may prescribe such modification with reasons therefor and capture the financial / revenue impact in the ARR. COPT has, however, not furnished any reasons for the mentioned modification proposed nor captured its impact in the revenue estimation. The COPT to furnish the reasons for the modifications/ insertions /</td>
<td>The COPT has furnished a statement showing the reasons for deletion and insertion of certain conditions :
<table>
<tr><td>**Deletions in the proposed SoR**</td><td></td></tr>
<tr><td>**Clause 2.2.4. – Charges for Hire of Floating craft**</td><td></td></tr>
<tr><td>Sl.No.1 – Pilot Launch and Other Launches
Sl.No.3 – L&T Poclain & Barge Vijaya
Sl.No.4 - Speed Boat – twin screw
Sl.No.5 - Speed Boat – single screw</td><td>These crafts are used for Port’s own purpose and are not hired out. There is no revenue implication due to removal from SOR</td></tr>
<tr><td>**Clause 2.2.5 – Charges for the use of Port’s Dry Dock**</td><td>Port’s dry dock was handed over to CSL on 12.04.2013 for setting up International Ship Repair facility and hence not required in SOR</td></tr>
<tr><td>**Clause 2.3.2 – Schedule of Berth Hire charges for other vessels/floating crafts/bodies**
Sl. No. 4 & 5 – Sailing Vessels/pleasure yachts and Fishing vessels/ trawlers</td><td>There is no revenue from these vessels and hence decided to remove from the SOR.</td></tr>
<tr><td>**Clause 3.1 – Schedule of Wharfage for bulk and break bulk cargo.**</td><td></td></tr>
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<td>deletions from the existing SOR. The basis adopted for the tariff proposed for new items to be furnished. Also, capture effects of all the new items in the revenue estimations in Form - 3.</td>
<td>
<table>
<tr><td>Sl. No.3 – Coir, coil products, jute, jute products
Sl. No.5 – Cotton, cotton waste, twist yarn, wool, clothes & cotton piece goods.
Sl.No.17 – Paper, paper products and news print.
Sl. No.23 – Unaccompanied personal baggage.</td><td>All these items are containerized and no longer arrive as bulk or break bulk cargo.</td></tr>
<tr><td>Clause 6.1 – Charges for use of Port’s Fire equipment.</td><td>The Port is not in a position to hire out the equipment and hence separate rate not required in SOR.</td></tr>
<tr><td><u>Inclusions in the proposed SoR</u></td><td></td></tr>
<tr><td><u>Clause 2.2.1 – Schedule of Pilotage fees</u></td><td></td></tr>
<tr><td>Pilotage fee for LNG vessels included in the SBM and STS rate</td><td>As per the Concession Agreement with PLL separate rate for Pilotage included in SOR</td></tr>
<tr><td>Clause 2.2.2 – Pilotage services or other than Port Berths</td><td></td></tr>
<tr><td><u>Clause 3.1 – Schedule of Wharfage for bulk and break bulk cargo</u>.
Sl.No.3 – Petroleum Coke</td><td>Pet coke is included as a separate item as per the clarification of the Ministry of Shipping vide order No.F.No.PD-19017/2/2014-PD.Vi dated 01.07.2014.</td></tr>
<tr><td>Clause 4.5 – Charges for Mobile Harbour Crane</td><td>Separate rate was notified by TAMP vide Notification No.TAMP/7/2013-COPT dated 31.10.2014. Hence included in the proposed SOR</td></tr>
<tr><td>Clause 6.1.1 – De-stuffing charges for UB containers</td><td>Separate rate was notified by TAMP vide Notification No.TAMP/9/2014-COPT dated 07.10.2014. Hence included in the proposed SOR</td></tr>
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<td>IV.</td>
<td><u>Form No.4 - Computation of Working capital as per Norms:</u>
The COPT has considered 45.62 crores towards one month’s cash expenses (i.e. Rs 547.45 crores / 12 months). Please furnish the working for arriving at Rs 547.45 crores and show that non cash expenditure like depreciation, provisions etc. are excluded.</td>
<td>The COPT has furnished a statement showing the Allowable Cash balance as per Audited Annual accounts
<table>
<tr><th>Activity</th><th>Total Operating Expense</th><th>Depreciation</th><th>Total expense excluding Depreciation</th><th>Provisions</th><th>Net Expense</th></tr>
<tr><td>Cargo Handling & Storage</td><td>59.85</td><td>4.90</td><td>54.94</td><td>0.00</td><td>54.94</td></tr>
<tr><td>Port & Dock Facilities</td><td>189.98</td><td>8.45</td><td>181.54</td><td>18.93</td><td>162.61</td></tr>
<tr><td>Estate Rentals</td><td>19.79</td><td>1.96</td><td>17.84</td><td>0.33</td><td>17.51</td></tr>
<tr><td>Management & General Administration</td><td>113.16</td><td>3.72</td><td>109.44</td><td>6.09</td><td>103.35</td></tr>
<tr><td>Finance & Misc. Expenditure</td><td>183.69</td><td></td><td>183.69</td><td>0.26</td><td>183.43</td></tr>
<tr><td>Total</td><td>566.47</td><td>19.03</td><td>547.45</td><td>25.61</td><td>521.84</td></tr>
</table>
</td>
</tr>
<tr>
<td>V.</td>
<td><u>Past Period Surplus:</u>
As per clause 4.1 of the Tariff Policy, 2015, (a). additional surplus assessed by TAMP in earlier tariff Orders which remain unadjusted has to be transferred by Major Port Trusts to any fund as desired by the Port Trust. (b). Additional surplus, if any, accruing to the Major Port Trusts during the period of application of existing Scale of Rates till the effective date of implementation of the new Scale of Rates fixed under this policy should be assessed and transferred to the General Reserve and use the funds for the purpose of development, creation and/ or modernization of the port infrastructure facilities. For this purpose, the COPT is requested to assess the additional surplus for (b) above, if any, as required under clause 4.1 of the said Tariff Policy and furnish the same for our information.</td>
<td>There is no additional surplus to be transferred to General Reserve Account.</td>
</tr>
<tr>
<td>VI.</td>
<td><u>Scale of Rates:</u></td>
<td></td>
</tr>
<tr>
<td>(i).</td>
<td>The Authority vide its Order No.TAMP/9/2014-COPT dated 30 September 2014 while</td>
<td>Modified as suggested by TAMP.</td>
</tr>
</table>

	approving the de-stuffing charges for UB Containers had also partially modified the title of existing Schedule 5.2.1. as "*Stuffing and De - stuffing charges (other than UB containers) at CFS and other Port Facilities*" The said modification in the title is not reflected in the Schedule 6.1. at the proposed draft SOR. The COPT to incorporate the above amendment in the proposed draft SOR.	
(ii).	The Authority vide its Order No.TAMP/27/2013-COPT dated 21 February 2014 inserted the following note as note no.10 under Schedule 3.1. as follows: "*The wharfage rates prescribed in 3.1 - Schedule for wharfage for bulk and break bulk cargo includes all the payments relating to supply of cargo handling workers and staff. Hence, no separate charges on wage plus levy and piece rate incentive for supply of cargo handling worker and staff will be collected*" The COPT to incorporate the above amendment in the proposed draft SOR.	The amendment has been incorporated in the Scale of Rate as note No.10 under schedule 3.1
(iii).	The Authority vide its Order No.TAMP/7/2013-COPT dated 30 September 2014 while approving the charges for HMC vide para no.9.(xiii) advised to file a well analyzed performance linked tariff proposal for the HMC during the next revision of this tariff items based on the experience gained by the port in HMC operations. The COPT may consider to propose the performance linked tariff for HMC based on the experience gained by the port in HMC operations.	There is little scope for prescribing a performance linked tariff proposal for the HMC at COPT. In the first place, the HMC is of low capacity at 40 T, and CoPT handles insignificant volume of cargo using the HMC due to the cargo profile of the port. In 2014-15, the volumes handled by the HMC amounted to only 34,059 MT, and in 2015-16 (Apr-Oct), 16,689 MT. The utilization amounted to 9.86% and 4.44 % in 2014-15 and 2015-16 (Apr-Oct) respectively. Secondly, since CoPT has only one HMC, the users hire it primarily for supplementing the ship cranes rather than for the entire handling of a ship or for handling cargo from small gearless ships/barges., which have no means other than using the HMC. A low, competitive tariff as proposed is considered adequate in the current profile, and the utilization is too small for adopting a performance linked tariff.
(iv).	The reason for incorporating definition of the new term "Non Port Berths" defined as "berths other than port berths" may be explained. Also, confirm it falls under the mandate of the Authority for fixation of tariff under the Major Port Trusts Act. The intention of inclusion of this definition is not clear. Please elucidate.	Cochin Port is incurring huge loss in the provision of service to Non Port berths such as Cochin Shipyard, Seablue Shipyard etc. The TAMP notified Scale of Rates for rendering the statutory function of Pilotage is applicable only to shipping for the Port's berths. Since the Port's flotilla of tugs is insufficient for the berthing operations of the Port, Port hires tugs on contract at considerable expense. Hence, it was decided to classify the Port berths and Non Port berths separately.
(v).	The COPT has proposed to include a condition under clause 1.1(ii) of Chapter I that the Coastal Rate is 60% of the Foreign rate subject to provisions at 1.2.(xiii) duly quoting the issue taken up with Ministry of Shipping. Accordingly, the COPT has not proposed any coastal rates for Vessel Related Charges. It is, however, seen that for ground rent charges on containers at Schedule 5.2 and storage	Necessary disclosures have been made as prescribed by the TAMP.

	charges at CFS under schedule 6.5. of the proposed Scale of Rates where dollar denominated tariff is proposed for foreign category, the COPT has proposed to prescribe rate for coastal category. In view of the common adoption Order dated 3 October 2015 passed by the Authority based on the direction of the MOS (which flows from the reference made by COPT) brought out at point 3(vi) above, the COPT to prescribe the note in the proposed SOR in the column related to Coastal vessel related charges as well as Coastal container related charges Schedule 5.2. and 6.5. inline with the prescription in the said Order.	
(vi).	While furnishing the remarks on the comments of Petronet LNG Ltd. (PLL), the COPT has proposed to reduce the Port Dues from 0.396 US $ proposed for other vessels to US $ 0.226 per GRT for PLL vessels. Pilotage charges is also proposed to be reduced from US $ 0.4259 per GRT proposed for other vessels to US $ 0.2555 per GRT for PLL vessels. The COPT to incorporate the changes proposed by it in the proposed draft scale of rates. Also, capture its impact in the revenue estimates.	As per clause 9.2 of the concession agreement, PLL has to pay Port dues, Pilotage and Share of maintenance dredging charges for outer channel as per the TAMP notified rates. The LNG terminal is operating at less than 5% capacity utilization due to delay in laying of pipeline, and therefore, the Port could not fix separate rate for Port dues and Pilotage. However, the Port fixed an adhoc rate as follows at the time of starting their commercial operation on 20.8.2013 for a period of one year : 1. Pilotage at the rate of 0.2555 US$ as Pilotage (60% of SPM rate) 2. Port dues at the rate of 0.3777 US$ which is applicable to SPM. 3. Sharing of maintenance dredging cost in the proportion of LNG cargo to total cargo throughput excluding SPM, since no dredging is required at SPM. PLL agreed to the above rates and is paying the port charges since then. After the first year, the Port continued the adhoc rate for one more year from 20.08.2014, since there was no improvement in the situation and the terminal continued operation with less than 5% capacity utilization. Even though the Port has recommended adhoc rates for another one more year from 20.08.2015 for Pilotage and proposed 50% concession in Port dues in SOR considering the fact that PLL will share maintenance dredging cost for outer channel, PLL in their representation to TAMP requested to fix separate rates for LNG terminal and also requested to consider the cargo throughput at SPM in the total cargo throughput while arriving at the share of maintenance dredging cost of outer channel. PLL has not yet paid the demand raised by the Port for the share of maintenance dredging cost of outer channel amounting to Rs.2.90 crores for the period 2013-14 (Aug'2013 onwards) and 2014-15 as agreed earlier.

		This has resulted in revising the rates already proposed by the Port in the SOR as follows: **1. <u>Pilotage:</u>** The Port has been charging Pilotage @ 0.2555 US$ being 60% of the rate applicable for SPM (0.4259US$) considering the fact that PLL is using their own tugs and sharing of maintenance dredging cost for common user outer channel is paid separately. However, the C&AG audit has made an observation on the same and stated that LNG Terminal and SPM are located at different locations involving different cost of operation and hence application of the rate for SPM to LNG Operations has to be reviewed. Since the LNG terminal is situated in the inner channel which is 19.5 kms away from the SPM , and all LNG vessels are tankers, it is felt that a specific rate for Pilotage applicable for tankers is more appropriate. Considering the fact that LNG tankers have significantly higher GT than POL tankers for the same parcel, and since PLL is using their own tugs and sharing maintenance dredging cost for common user outer channel the Port propose a specific rate of 0.275 USD per GT as against 0.2555USD currently being charged. The rate is 40% of the rate applicable for a POL tanker of 1,00,000 GT at 0.6893 USD per GT proposed. The same has been shown in the Schedule 2.2.1. **2. <u>Port Dues:</u>** Port dues presently being collected from PLL is the rate applicable to tanker vessels at SPM. Port dues is the entry fee to Port area and the cost element for port dues are port conservancy, harbour patrol, safety and security, sea fire fighting, marine survey, vessel traffic control, navigational aides etc. The same facilities are extended to vessel calling at LNG terminal too. The risk involved for vessel operations, monitoring, control etc. are huge when compared with other vessels. Moreover, maintenance dredging is not required at SPM. Hence the Port propose the same rate for tanker vessels calling at SPM to LNG Vessels. **3. <u>Share of Maintenance Dredging Cost:</u>** As per Clause 9.3 of the Concession Agreement with PLL a. The Concessionaire shall, for the use of common user outer channel by the LNG vessels, pay to the Concessioning Authority during the term of this Concession Agreement, “Dredging Charges” as may be decided by TAMP or any such other competent authority under the provisions of MPT Act as applicable from time to time as a percentage of the

		cost incurred by the Concessioning Authority for the annual maintenance dredging of the common user outer channel for 280 m width and depth of 14.5 m. The payment shall be made in advance on Quarterly basis with reference to the schedule of payment in the contract entered into by the Concessioning Authority for annual maintenance dredging contract. The payment shall be deposited within 7 (seven) Business Days of issuing demand notice by the Concessioning Authority. b. Dredging Charges amounts remaining unpaid on respective due dates shall carry interest @ SBI PLR plus 2% (two percent) per annum, from the due date till the date of payment or realisation thereof. The Port decided to consider the request of PLL to include the cargo handled at SPM in the total cargo throughput of the Port while arriving at the proportionate share of PLL for maintenance dredging cost of outer channel. Hence, the following formula for sharing of maintenance dredging cost for outer channel is proposed in Chapter II Schedule 2.7 in the SOR as separate item. LNG Cargo (MMT)/ ------------------------------- X Maintenance dredging Total cargo throughput (MMT) cost for outer channel. The proposed rates have been discussed with PLL on 19.11.2015 and the Minutes of the Meeting (Annexure-E) in this regard is furnished.
(vii).	The COPT has proposed to increase the shifting charges from 25% of the applicable Pilotage charges to 50% of applicable pilotage charges stating that the shifting activity is similar to one movement of inward or outward of Pilotage activity. However, the COPT has not proposed the schedule of rates for shifting charges under schedule 2.2.3.1. (Chapter II). The COPT to prescribe the same.	Schedule of rates for shifting charges have been included under Schedule 2.2.3. (Chapter II).

(viii).	The COPT has proposed to re classify the berths based on the comparable facilities/ services provided in these berths and proposed to increase the tariff from 3% to 43%. Many of the users such as BPCL, Cochin Refineries, FACT and Cochin Steamer Agents have objected the increase proposed in berth hire charges on the ground that the increase is steep. The COPT to examine whether any moderation in the increase proposed in berth hire charges, is possible.	The reasons for increasing the berth hire has been clearly specified in item (2) of the proposal dated 27.07.2015. The increase is mainly due to expenditure incurred for strengthening the berth and providing firefighting facilities at Q4 to convert the same to liquid terminal and providing marine unloading arms at COT. Hence an increase of 43% on the tanker berths. It may please be noted that in the previous revision of SOR in 2013, the berth hire for tanker berths was reduced by 25% due to merging of GRT slabs. Considering the huge deficit in the expected revenue as against ARR, the port has proposed only a marginal increase in the berth hire charges for other berths. The Port, therefore, is not intending to reduce the increase proposed in the berth hire charges.
(ix).	The COPT has stated that it has proposed a new tariff item “Waterfront Royalty” under Wharfage Charges as per the rate specified in MOU between COPT and PLL. The mandate of the Authority is to notify the Scale of Rates and conditionalities governing the rates for the services rendered by the port or by the service providers authorised by the port. Approval of “waterfront royalty” does not appear to be a tariff related item. It appears to be in the nature of royalty. The COPT to review inclusion of this item in the proposed Scale of Rates.	Waterfront Royalty is a tariff applicable on the quantity of LNG unloaded at the berth as per the Concession Agreement between CoPT and PLL. Since this is a tariff on cargo, akin to Wharfage, CoPT is only proposing to notify this under Cargo Related Charges as per 2.13 of the Working Guidelines to operationalize the Tariff Policy for Major Port Trusts, 2015. It is not a new tariff proposed.
(x).	The COPT has proposed to merge the Special Dredging levy with the wharfage charges of crude oil and POL products. In this regard, the following points may be clarified:	
(a).	The validity of special per tonne dredging levy for POL products approved by the Authority vide Order No.TAMP/41/2013-COPT dated 15 November 2013 was made co-terminus with the validity of the general revision of the SOR of the COPT. Para 14(xviii)(b) of the said Order states that this tariff item will be reviewed along with review of the general revision of its SOR. In the para 14(xv)(c) of the said Order, the Authority has stated that special rate was approved as on interim tariff arrangement till POL traffic at COPT reaches breakeven point by the year 2015-16 and hence a separate special per tonne levy was approved by the Authority instead of the proposal of the COPT to revise the wharfage rate upwards to meet the maintenance dredging cost. The proposal of COPT to merge the Special rate for dredging with wharfage rate will perpetuate the dredging levy which was approved with a limited purpose to recover the maintenance dredging cost from POL products. The COPT is, therefore, to furnish separate ARR to justify continuance of the existing special per tonne dredging levy in the current tariff cycle. While doing so, the ARR computed for the port as a whole may be suitably modified to exclude the maintenance dredging cost proposed to be recovered by way of special rate for dredging.	The Port is not intending to continue the Special Dredging Levy. The Port has already proposed an increase in the wharfage of Crude Oil and POL products handled at Port berths from the existing rate of Rs.65 to Rs.103. Hence separate ARR to justify the continuance of SDL is not applicable.

(b).	In view of the reasons cited by the Authority in the last tariff Order, the special rate of dredging levy may be proposed as a separate tariff item instead of merging it with wharfage rate supported by ARR for Special Dredging Levy.	
(xi).	Charges for Storage of Cargo at the specified Transit Areas on License Basis As regards this tariff item in schedule 3.2.3 in existing SOR, the COPT has referred to the Order No.TAMP/49/2011-COPT dated 10 June 2013 relating to the last general revision of Scale of Rates of COPT and stated that the Authority had advised COPT to come up with a separate proposal for revision of the storage charge of cargo at transit sheds and warehouses following the procedure stipulated in the Land Policy guidelines. In the current proposal for reasons cited by it, the COPT has stated that these rates will be revised along with the revision of lease rentals for which proposal will be submitted shortly. In the meanwhile, the COPT has proposed to shift this tariff item from cargo related charges to estate rentals along with some rationalisation/ merger of slabs. In this regard, the port to clarify the following:	
(a).	The reasons to shift the existing Schedule of Charges for Storage of Cargo (at the specified Transit Areas on License Basis) from “Cargo handling charge” to “Estate rentals” when the proposed tariff is not arrived based on the market value of land complying with Land Policy Guidelines 2014.	Transit Area, where the current storage charges are applied, is contiguous to the Estate Area outside the docks, and is separated only by a wall. Moreover, even a part of the Transit Area; Warehouses 1,2,3,4&6 lie outside the docks, in the Estate Area. Therefore, part of the Transit Area lying in the Estate Area has not only been valued but also valuation of the land lying contiguous to the docks applies to the Transit Area inside the docks. The reason for specifying Transit Area is to ensure that such area is allotted only to cargo handled by ships. Considering the special requirement of cargo handled by ships, Transit Area is allocated on weekly basis unlike the Estate Area allotted on monthly basis. Also, 20% escalation in tariff is made applicable at the Transit Area after 8 weeks towards ensuring that users do not hold the Transit Area for unduly long periods to the detriment of other users, and to ensure that cargo stored at the Transit Area are evacuated fast. Transit Area, unlike the Estate Area, does not have the annual escalation of 2% in rates. Barring these differences, the tariff at the Transit Area and the Estate Area is very similar; the current Estate Rentals per Sq m on license for open area for a month (30 days) is Rs.35 against Rs.10 per week (7 days) at the Transit Area. The corresponding rates for covered area are Rs.45 and Rs.12.5 at the Estate Area and Transit Area respectively. The major reason for merging the tariff at the Transit Area with the Estate Area is to have uniform policy in land allotment with the applicable annual escalation of 2%, and to have uniform tariff at the base rates. Transit Area will continue to be reserved for the ship cargo, and the allotment will

		be on weekly basis unlike the Estate Area, and the current provision to increase the tariff by 20% from the 9th week of allotment will continue.
(b).	The current proposal is for general revision of Scale of Rates of Port under the Tariff Policy 2015. Since the COPT is yet to file its proposal for revision of estate rental following the Land Policy Guidelines 2014, the COPT may consider to continue this tariff item under the existing Cargo Handling activity till then. Consequently, include this item in the revenue estimation. The port may consider to shift this tariff item to Estate Rentals when it files its proposal following the Land Policy Guidelines 2014.	This will be complied with.
(xii).	The COPT has proposed to remove charges for hire of floating craft specified under schedule 2.2.4. However, as regards hire charges for Mooring Tug at Sl. No.2 at ₹18,620 / hour / tug in Schedule 2.2.4, the COPT has proposed to combine and treat it at par with hire charges for Port Tugs at the higher rate of US$606.56/tug/hour. The COPT to furnish the reasons for the proposed combination. Further, the impact of the proposed combination may also be captured in the revenue estimation.	The Port is deploying the tugs depending on their availability and in order to have a uniformity in the rates, the Port proposed to merge the rates specified in the Schedule 2.2.4 and 2.3.3. The revenue impact of the same has been captured in the revenue estimation.
(xiii).	The existing SOR prescribes license fee for Jetties, Pier etc., at Schedule 6.11. The COPT while proposing to prescribe this tariff Schedule at 7.9. has introduced a note under 7.9.1. stating that the proposed license fee will also cover those owners of Valloms/ Boats who want to use their waterfront for tying up their Valloms/ Boats & Jetties owned by of Government Organisation like SWTD, KSINC, DTPC, IFP, Matsyafed, CIFNET, Corporation of Cochin & Religious Institutions". The port has proposed new Schedules 7.9.2. and 7.9.3. In this regard, the following points to be clarified:	
(a).	Explain the reasons for introduction of the proposed note at Schedule 7.9.1.	The Cochin Port Trust (Licensing of Jetties, Slipways and Boat pen) Regulations, 1968 were framed by the Board of Trustees of Cochin Port in exercise of powers conferred under Sec.123 of the Major Port Trust Act, 1963 and subsequently amended in 1976. The rates provided therein very low and prevailing since 1976. These rates have been mentioned in Schedule 6.11 under Chapter VI (Miscellaneous Charges) in the existing SOR. Private jetties in the extended Port area outside the shipping channels are only for private use. These jetties do not involve themselves in shipping business and are constructed only to cater to the personal boats of the owners of such jetties. The old fishing jetties were licensed at very low rates for the use of owners of valloms/boats who intended to use their waterfront for tying up of their own vallom/boats. However, it is noticed that, most of them have allowed valloms/boats
(b).	There is no clarity in the formations of the note.	

		belonging to other owners to tie up their vessels illegally, and charging additional amounts for such service. Due to lack of business most of the original jetty owners abandoned their properties/jetties and the new owners did not envisage any interest in the maintenance of these jetties. Also the rates for the old fishing jetties are to be re-fixed so as to cover the cost of annual inspection on regular verification to prevent encroachments and to cover other expenses. Considering the above factors, the Cochin Port Trust Board approved a proposal for amending the said Regulations for upward revision of rates for owners, who rent out their existing waterfront jetties for tying up boats, at an annual license fee of Rs.1 lakhs per jetty, vide Resolution No.99 in the meeting held on 30.10.2013. One of the intentions for upward revision of the rates is to restrict the private jetties coming along the water front. The notification was published twice in the Gazette of Govt. of Kerala as stipulated under Sec.124 (2) of the MPT Act. The TAMP examined our proposal for deletion of item 6.11 from the SOR but rejected the same vide Notification No.TAMP/27/2013-COPT dated 21.02.2014 stating that under Sec.49(1) of the MPT Act, TAMP is mandated to frame a Scale of Rates and Statement of conditions for any property belonging to the Port. Therefore, the new rates approved by the Board are shown in Schedule 7.8 of the Proposed SOR. (Since Schedule 7.2 - Embarkation and disembarkation charges for international passengers in cruise vessels mentioned in the proposal filed has been shifted to Chapter III, Schedule 7.9 has become 7.8 in the proposed SoR attached herewith.)
(C).	If our understanding is correct, the water front area belongs to the owners of the Valloms/Boats. As per the provisions of Section 49(1) of the Major Port Trust Act, 1963, this Authority is mandated to frame a Scale of Rates and conditionalities for any property belonging to the Board or in possession or occupation of the port or any place within the port limits used for purposes specified therein. If the Valloms/ Boats do not occupy the water area belonging to the port and do not fall within the port limits, then license fee for that category will be beyond the scope of the mandate given to the Authority under section 49 of the Major Port Trust Act, 1963. The COPT to review the proposed note in the light of the above observation.	The Port charges lease rent and license fee for the bed of waters only in the Port jurisdiction (Port limit). The Port has included the rates for license fee for Jetties and Piers as per the TAMP Notification No.TAMP/27/2013-COPT dated 13.05.2014.
(d).	Explain the reasons for proposing to delete license fee for Slipway and Boat pen prescribed in the existing SOR at Sl. No. (2) and (3).	The rates for Slipway and Boat pen mentioned in Schedule 6.11 (2) & (3) of the existing SOR are deleted due to the following factors: (a). In the case of Govt. organizations

		as specified in Schedule 7.9.1 of the proposed SOR, the rate for Slipways and Boat pen are the same for Jetties & Piers. Hence separate rate was not shown in the Schedule. (b). In the case of Private parties, rate shown in Schedule 7.9.2 in applicable for Jettie / Piers / Slipways.
(e).	At no.2 at Schedule 7.9.1. and at note 4 under Schedule 7.9.3., the port has proposed that for new concrete / temporary jetties, lease rent will be collected taking into account the bed of back waters in addition to License Fees.	The Cochin Port Trust (Licensing of Jetties, Slipways and Boat pen) Regulations, 1968 were framed by the Board of Trustees of Cochin Port in exercise of powers conferred under Sec.123 of the Major Port Trust Act, 1963 and subsequently amended in 1976. The rates provided therein very low and prevailing since 1976. These rates have been mentioned in Schedule 6.11 under Chapter VI (Miscellaneous Charges) in the existing SOR. Private jetties in the extended Port area outside the shipping channels are only for private use. These jetties do not involve themselves in shipping business and are constructed only to cater to the personal boats of the owners of such jetties. The old fishing jetties were licensed at very low rates for the use of owners of valloms/boats who intended to use their waterfront for tying up of their own vallom/boats. However, it is noticed that, most of them have allowed valloms/boats belonging to other owners to tie up their vessels illegally, and charging additional amounts for such service. Due to lack of business most of the original jetty owners abandoned their properties/jetties and the new owners did not envisage any interest in the maintenance of these jetties. Also the rates for the old fishing jetties are to be re-fixed so as to cover the cost of annual inspection on regular verification to prevent encroachments and to cover other expenses. Considering the above factors, the Cochin Port Trust Board approved a proposal for amending the said Regulations for upward revision of rates for owners, who rent out their existing waterfront jetties for tying up boats, at an annual license fee of Rs.1 lakhs per jetty, vide Resolution No.99 in the meeting held on 30.10.2013. One of the intentions for upward revision of the rates is to restrict the private jetties coming along the water front. The notification was published twice in the Gazette of Govt. of Kerala as stipulated under Sec.124 (2) of the MPT Act. The TAMP examined our proposal for deletion of item 6.11 from the SOR but rejected the same vide Notification No.TAMP/27/2013-COPT dated 21.02.2014 stating that under Sec.49(1) of the MPT Act, TAMP is mandated to frame a Scale of Rates and Statement of conditions for any property belonging to the Port. Therefore, the new rates approved by the Board are shown in Schedule 7.8 of the Proposed SOR. (Since Schedule 7.2 - Embarkation and disembarkation charges for international
(f).	Explain the reasons for the proposed note. Also, indicate the existing tariff arrangement followed for such concrete jetties/ piers. When the port already collects license fee from jetties/ piers, the reasons for proposing to collect lease rentals in addition to license fee be justified.	

		passengers in cruise vessels mentioned in the proposal filed has been shifted to Chapter III, Schedule 7.9 has become 7.8 in the proposed SoR attached herewith.) [The COPT's reply seems to be not relevant]
(i).	Schedule 7.9.2 and 7.9.3.:	
	(a). Basis and Reasons for introducing a new tariff item of ₹1.00 lakh per jetty / slipway per annum for those who rent out their existing waterfront jetties for tying up Valloms and Boats belonging to other owners with reference to the proposed license fee of ₹ 1297/- per Jetty per annum prescribed at serial no. 1 of Schedule 7.9.1. may be furnished. (b). Please confirm whether fixation of license fee & inspection fees for water front jetties of others (presumably not belonging to COPT) is covered by Section 49 of the Major Port Trusts Act, 1963.	
(ii).	The basis and reasons for proposing a new tariff item of ₹1.00 lakh / per annum under Schedule 7.9.3 for various categories may also be explained.	
(iii).	The COPT is required to follow Clause 5.7.1. of the Working Guidelines for fixation of tariff for a Service / Cargo which is not available in the existing SOR of the COPT.	
(iv).	It is seen that Annexure-A to Form no.-3, that the COPT has not estimated any additional revenue for license fee on jetties, despite proposing to increase the existing license fee by 15.80% and proposing to introducing new tariff items at scheduled 7.9.2 and 7.9.3. The COPT to capture the impact of all tariff items in the revenue estimation.	

8. While furnishing the additional information/clarification, the COPT vide its letter dated 23 November 2015 has also furnished revised computation of ARR, revised proposed draft SOR, comparison of existing SOR and conditionalties vis-à-vis proposed tariff and conditionalties and revised estimation of revenue at the proposed rate. A summary position of revised ARR is furnished below:

(₹ in Crores)

Sl. No.	**Description**	**Y1 (2011-12)**	**Y2 (2012-13)**	**Y3 (2013-14)**
(1).	**Total Expenditure (As per Audited Annual Accounts)**	426.12	511.19	566.47
(2). (a)	**Less Adjustments:**			
(i).	Estate related expenses	37.89	52.28	60.00
(ii).	**Interest on loans**	20.45	16.59	19.42
(iii).	**4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**			
	(a).WRC Arrears	-	-	25.78
(iv).	**4/5th of the Contribution to the Pension Fund**	77.52	79.09	92.46

(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	57.48	50.94	50.70
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.**	-	-	-
	Total adjustments	**193.34**	**198.90**	**248.36**
(3).	**Total Expenditure after Total Adjustments (5 = 1-2)**	232.78	312.29	318.11
(4).	Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3	287.73		
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)	422.30		
	(ii). Add : Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)	23.67		
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.	36.00		
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts.	-		
	(v). Less: Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.	-		
	(vi). Add: Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines	57.90		
	(vii). Total Capital Employed	467.87		
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**	74.86		
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+ (6)]**	362.59		
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15**	**6.00%**		
(9).	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**384.34**		
(10).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16**	**3.82%**		
(11).	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**399.03**		
(12).	**Revenue Estimation at the Proposed indexed SOR within the ceiling indexed ARR estimated in Sl. No.11 above**	**279.69**		

9.1. Subsequently, COPT vide its letter no. FD/Costing/Revision of SOR-2015 18/2015 dated 27 January 2016 filed a revised workings modifying Form No. I and III. The submissions made by the COPT in the revised proposal dated 27 January 2016 is given below:

(i). While preparing the Revenue Estimation as per Form-III, the COPT considered the average exchange rate during 2014-15 which was 1 US $ = ₹ 61.16. But as per the direction given by TAMP, now COPT has considered ₹ 66.09 being the exchange rate as on 21.11.2015, the date on which the Chartered Accountant has certified the statements already filed. Accordingly, the Revenue Estimate as per Form 1 and Form III has now increased from ₹279.69 crores to ₹288.37 crores.

(ii). Detailed calculation has been given for Port Dues, Pilotage and Berth hire in the respective Annexures A, B & C and basis of calculation has been given as Note. In respect of other items, note has been given in Form – III.

(iii). In respect of LNG Terminal, even though it is a captive berth, COPT clarify that the Port is not incurring any additional expenditure for this facility. Hence, no deduction have ~~to be~~ made in Form-1. For the vessel related services rendered to LNG vessels, the Port is charging only TAMP approved rates.

(iv). COPT has also clarified that in LNG Terminal, the main activity is importing LNG, Re-gasification and re-loading. They are not rendering any services which require a TAMP approved rate.

(v). COPT has once again requested the TAMP to consider the proposal.

9.2. As per the revised proposal dated 27 January 2016, the Revenue estimation at the proposed indexed SOR by the COPT is ₹288.37 crores as against ₹279.69 crores. The COPT has not made any other modification.

10.1. Subsequently, the COPT vide its email dated 24 February 2016 has furnished further clarifications with respect to conditionalties proposed to be included in the proposed draft Scale of Rates as follows:

(i). Non-Port Berths – Clause 1(xv). – Non Port Berths are those berths other than Port berths where in the Port provides Pilot and tugs for berthing and un-berthing of vessels viz. berths of Cochin Shipyard and Private ship repair centres near to the Port like Sea Blue Marine etc. The Port proposed separate rate of Rs.2 lakhs per movement to and from Non-port berths. The reason for a separate rate is due to the fact that the income from shifting charges is very low compared to the actual cost incurred by the Port. The revenue from Non-Port berths will be less than Rupees One crore per annum.

(ii). Priority Berthing – Clause 1.2 (iii)(d) – This has been included in the General Condition based on the TAMP Order No. TAMP/52/2014-Genl. Dated 28.11.2014.

(iii). Dry Docking – Clause 2.2.5 (Existing SOR) – The Port has handed over the Workshop and Dry Dock to Cochin Shipyard Limited for the Development and Operation of an International Ship Repair Facility at W/Island with Private Sector participation on 12.04.2013 on the basis of global tender invited on 25.05.2012. Hence, the Port has not provided the rates for Dry Docking in the Proposed SOR. Cochin Shipyard pays lease rent for the area handed over and taken over 243 employees on deputation basis.

(iv). Berth Hire charges – Clause 2.3.2 Note 3 – Port has proposed the double berth hire charges for those vessels idling in the Port beyond 24 hours after the cargo operation is over. The purpose is to discourage idling of cargo vessels after completion of operations.

(v). Lift on/Lift off charges for containers – Clause 5.1.2 in the Existing SoR is shifted to Clause 6.2 of the Proposed SoR under the new Chapter VI – Container Freight Station (CFS).

(vi). Reefer Charges on Containers - Clause 5.1.3 in the Existing SoR is shifted to Clause 6.3 of the Proposed SoR under the new Chapter VI – Container Freight Station (CFS).

(vii). Charges for examination of import and export containers for clearance - Clause 5.1.4 in the Existing SoR is shifted to Clause 6.4 of the Proposed SoR under the new Chapter VI – Container Freight Station (CFS).

(viii). License fee for Port Bunks – Clause 7.7 – The Port tendered all the old bunks and allotted afresh and hence decided to have only single rate.

(ix). License fees & Inspection fees – Clause 7.8.1 – Note 2 – For the construction of new concrete / temporary jetties, it is proposed to collect lease rent taking into account in the bed of back waters in addition to License fees. License fee is collected only for the jetties. For the structures constructed in the bed of back waters lease rent is collected since Port has the responsibility of conservancies in the water bodies under the Port area.

(x). Clause 7.8.3, “For others other than mentioned in 7.9.1 & 7.9.2 above”, the same may please be read as “For others other than mentioned in 7.8.1 & 7.8.2 above”.

10.2. Further, the COPT vide its email dated 24 February 2016 has furnished further clarification with respect to conditionality mentioned at Clause No. 1.2 (xi) (a) & (b) in the General conditions of contract of the existing SOR has not been considered in the proposed SOR since the services are not rendered to such vessel now in the port.

11.1. Based on the revised proposal filed by the COPT and after detailed analysis, this Authority has approved the proposal of COPT for general revision of its Scale of Rates.

11.2. The approved SOR and Performance Standards have been notified in the Gazette of India on 4 May 2016 vide Gazette notification No.180. The said Order states that revised SOR shall 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 2019. The said Order also states that detailed speaking Order will be notified shortly.

12.1. In the meantime, the MOS has, vide its letter No.8/(15)2015-TAMP dated 11 May 2016, stated that the consequence related with linkage of exchange rate fluctuation for restatement of coastal tariff need to be addressed. The MOS has issued a direction to this Authority stating that till such time the issues are addressed, the MOS has decided to temporarily keep its direction vide its letter no.8/(15)2015-TAMP dated 17 September 2015 in abeyance till further orders and has restored the earlier policy direction issued by the (then) Ministry of Shipping, Road Transport & Highways (MSRTH) vide its letter no.PR-14019/29/2001-PG dated 1st/3rd January 2005 and 9 March 2005.

12.2. In view of the above, the MOS has vide its communication dated 11 May 2016 directed this Authority to appropriately prescribe the coastal cargo/ container/ vessel related charges levied at all Major Port Trusts and private operators authorized under Section 42(3) of the Major Port Trusts Act, 1963 immediately.

12.3. Accordingly, this Authority has passed the Order No. TAMP/4/2004-Genl. dated 19 May 2016 directing all the Major Port Trusts (MPTs) to amend their Scale of Rates accordingly. The said Order was notified in the Gazette of India on 26 May 2016 vide Gazette notification No.230 This Order was communicated to all Major Port Trusts including COPT vide our letter No. TAMP/4/2004-Genl. dated 30 May 2016.

12.4. The COPT was requested vide our letter dated 2 June 2016 to file an appropriate proposal for notification of tariff for coastal vessels in line with the Order dated 19 May 2016. The COPT was also requested to update the revenue estimates in Form 3 furnished by the COPT earlier during the processing of its general revision proposal.

13.1. In this backdrop, the COPT vide its letters dated 1 June 2016 and 15 June 2016 has forwarded the proposed revised SOR limited to the extent of prescribing the rates for vessel related and container related charges for coastal vessel. The Port has also furnished the revised revenue estimates. The main points made by the COPT are summarized below:

(i). In pursuance of the directions of the MOS vide its letter dated 11 May 2016, the Port called a meeting with the users concerned. The Port had two rounds of discussions with the Port users on the rates to be made applicable from 03.06.2016. Even though the Port users had expressed their concern over the steep increase in the rates during the last 6 months, they had finally agreed in principle to the proposal of the Port to charge a lesser rate based on the rates proposed to TAMP now for arrival for coastal category by applying the exchange rate of 1 US$ = ₹59.90 as considered in its proposal of November 2014 (filed under Tariff guidelines of 2005).

(ii). The Port is going through an acute financial crunch and is facing a huge deficit in the Pension Fund Corpus to the extent of ₹2600 crores. The Port has also filed a proposal for waiver of penal interest to the extent of ₹897.23 crores and to repay the Principal and interest amounting to ₹557.16 crores with effect from 2018-19 in 10 equal instalments. The cash flow submitted to the MOS is after considering the revenue that will accrue to the Port as per the new SOR notified by TAMP and the actual financial position during 2015-16.

(iii). The rates for coastal vessels / container related charges were last revised in 2010 and the same has been retained in the General Revision of SOR in 2013. The port intends to charge the rate for coastal vessels/ container related charges based on the exchange rates considered in November 2014 i.e., by converting the tariff approved for foreign going vessels by this Authority in the Order dated 27 February 2016 and applying the exchange rate of `59.90 and after considering the 40% concession applicable for vessel related charges for coastal vessel. The rates proposed are lesser than the rates presently being charged by the Port and would be beneficial to the Port users. A comparative statement showing the pre-revised rates, rates as per SOR notified on 4 May 2016 (considering exchange rate of 1 US $ = ₹67.71) and the proposed rates (considering exchange rate of 1US$ = ₹59.90) is furnished.

(iv). Since, the Authority has already notified the SOR as proposed by the Port, the Authority may approve the present proposed tariff for Coastal Vessels / container related charges now proposed.

(v). It is informed that the lesser rates as proposed during November 2014 will be adopted with effect from June 3, 2016 instead of the higher rate @ 60% of the present dollar denominated tariff applicable to foreign vessels which the Port is entitled to as per the policy directions of the Ministry of Shipping. With this tariff, the rates for Coastal vessels will be about 50% of the foreign rates.

(vi). It is further informed that even with this proposal, the Operating income will be less than the Port's Average Revenue Requirement.

(vii). The COPT has furnished the proposed Scale of Rates prescribing specific rates for coastal vessels.

13.2. The Port vide its letter dated 15 June 2016 has furnished the revised Form 3 along with the annexures incorporating the proposed rates for coastal vessels. The revised revenue estimates at the proposed rates is ₹ 279.42 crores as against ₹ 288.37 crores estimated by the COPT vide its revised earlier proposal dated 27 January 2016.

13.3. The COPT has also stated that it has started levying the tariff as per the revised SOR from 3 June 2016 and requested for notification of the tariff at the earliest.

14. 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.

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

(i). The Scale of Rates (SOR) of Cochin Port Trust (COPT) was last revised in April 2013. The validity of the SOR of COPT approved vide Order dated 1 April 2013 is till 31 March 2015. The COPT, therefore, vide its letter dated 3 November 2014 filed its proposal for general revision of its SOR which was due for revision from 1 April 2015.

The proposal was taken up for consultation with the relevant stakeholders. The comments received from users/ user organizations were forwarded to the Port as feedback information. The joint hearing in the subject case was to be scheduled.

In the meantime, the Ministry of Shipping (MOS), vide its letter No. 8(1)/2014 TAMP dated 13 January 2015 has issued the new "Policy for determination of Tariff for Major Port Trusts, 2015" which was notified in the Gazette of India vide Gazette No. 30 dated

27 January 2015 by this Authority. The new "Policy for determination of Tariff for Major Port Trusts, 2015" has come into effect from 13 January 2015.

The tariff fixation process envisaged in the new Tariff Policy of 2015 for Major Port Trust by MOS, is significantly different from the tariff fixation method stipulated in the Tariff Guidelines of 2005. Hence, the proposal filed by COPT under tariff guidelines of 2005 could not be processed.

In view of the above position, this Authority decided to close the proposal dated 3 November 2014 filed by COPT for general revision of its SOR. The COPT was advised to file a revised proposal in accordance with the new Tariff policy of 2015 announced by the MOS.

In the instant case as brought out in the earlier paragraphs, the COPT filed the original proposal dated 27 July 2015 under the Tariff Policy 2015 with an Estimation of ceiling indexed ARR of ₹384.14 crores and Revenue estimation at the proposed indexed SOR of ₹290.42 crores.

While furnishing additional information, the COPT has revised the proposal vide its letter dated 23 November 2015 revising the ceiling indexed ARR of ₹399.03 crores and also revising the Revenue estimation at the proposed indexed SOR of ₹279.69 crores.

The final revised proposal filed by COPT vide its letter dated 27 January 2016 estimating the ceiling indexed ARR of ₹399.02 crores and Revenue estimation at the proposed indexed SOR of ₹288.37 crores., along with submissions made by the port during the processing of the case are considered in this analysis.

The port has subsequently vide its letters dated 1 June 2016 and 15 June 2016 furnished revised proposed SOR in view of partial amendment in the coastal concession policy issued by the Ministry of Shipping on 11 May 2016 which is being dealt in the subsequent paragraphs.

(ii). (a). Clause 2.1 of the Tariff Policy 2015 requires each Major Port Trust to assess the Annual Revenue Requirement (ARR) which is the average of the sum of Actual Expenditure as per the final Audited Accounts of the three years 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) subject to certain exclusions as prescribed the Cause 2.2. of the Tariff Policy 2015 and the Working Guidelines issued by this Authority plus Return at 16% on Capital Employed including capital work-in-progress obtaining as on 31st March 2014, duly certified by a practising Chartered Accountant/ Cost and Management Accountant.

The COPT has assessed the Annual Revenue Requirement (ARR) based on Audited Annual Accounts for three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) duly certified by a practicing Chartered Accountant. The COPT has excluded the expenses not admissible in ARR computation for arriving at the Average annual expenses for the year 2011-12, 2012-13 and 2013-14. The following adjustment done by COPT in line with provisions prescribed in Clause 2.2. of Tariff Policy 2015 and Clause 2.2. of Working Guidelines are brought out for specific mention:

(i). The COPT has excluded expenses related to estate activity and interest on loan.

(ii). As per Clause 2.2(iii) of Tariff Policy 2015 and the Working Guidelines, 1/5 of one-time expenses like arrears of wages, pension/ gratuity, ex-gratia payments arising out of wage revision etc. are to be included in the Annual Revenue Requirement (ARR). Likewise, 1/5th of the Contribution to Pension Fund are to be included for the calculation of ARR. This means 4/5th of the above mentioned expenses are to be excluded in the ARR computation.

COPT has excluded ₹25.78 crores in the year 2013-14 towards 4/5th of the arrears of wages. This is supported with working by COPT and hence considered.

The COPT has excluded ₹77.52 crores, ₹79.09 crores and ₹92.46 crores in the years 2011-12, 2012-13 and 2013-14 respectively being 4/5th of the contribution to the pension fund reported in the Annual Accounts of the corresponding years. The above adjustment done by COPT is in line with Tariff Policy, 2015 and is supported with working and hence considered.

(iii). As per Clause 2.2. (iv) of Tariff Policy 2015 and Clause 2.2. (iv) of the Working Guidelines, Management and General Administration Overheads subject to a cap of 25% of aggregate of the operating expenditure and depreciation is only to be considered in the ARR calculation.

The Management and General Administration Overheads (MGAO) reported in the Audited Annual Accounts is ₹99.92 crores, ₹110.42 crores and ₹113.16 crores for years 2011-12, 2012-13 and 2013-14 respectively. The Port has clarified that the MGAO in the Audited Annual Accounts are direct expenses attributable to cargo, vessel, railway and estate related activities. Hence, these nature of expenses reported under MGAO has been reallocated to concerned relevant activities. In view of the clarification furnished by the port and recognizing that the ARR computation is certified by Chartered Accountant, the above adjustment done by the COPT is relied upon and accepted. As per the working furnished by the COPT in Form-2, the COPT has identified an amount of ₹57.48 crores, 50.94 crores and 50.70 crores of MGAO as excess of 25% of aggregate of operating expenses and depreciation and hence excluded the same from ARR in the years 2011-12, 2012-13 and 2013-14 respectively complying with the provisions of Tariff Policy, 2015.

(iv). (a). As per Clause 2.2(v) of the Working Guidelines notified by this Authority, all expenses relevant for captive berths are to be excluded from the computation of ARR. The proposal of COPT mentions that there is a captive berth viz. LNG Berth given to Petronet LNG Ltd (PLL).

As regards PLL, the COPT has reported that it does not incur any expenditure as it is given on the Public Private Partnership (PPP) mode and hence there is no case for exclusion of expenses for PLL. The above clarification furnished by COPT is relied upon.

During the processing of this case, the COPT was specifically requested to clarify the authorization regarding the tariff arrangement for the services offered at captive berth of PLL since neither the COPT nor PLL has approached this Authority seeking tariff for services rendered at LNG. The COPT has stated that only 2 vessels arrived at LNG Berth in 2013-14 and only 7 vessels arrived in 2014-15. The pipeline system for evacuating the LNG from the terminal is not completed. Hence, the terminal is not operational. Since the LNG terminal is working at less than 5% utilization, the Port could not arrive at a conclusion on separate rate for LNG vessels. It has merely forwarded a copy of the Concession Agreement dated 9 May 2008 entered by COPT with PLL and stated that it is governed by the said agreement. On perusal of the Concession Agreement for LNG operations on captive basis entered between the COPT and PLL for water front and land area, waterfront royalty is payable by the PLL to the COPT on the quantity of LNG unloaded at the berth. Further, PLL has to pay ship related charges in respect of port dues and pilotage charges, at the rates prescribed in the Scale of Rates approved by this Authority under the provisions of MPT Act as applicable, based on agreed scope of services to be provided for the LNG vessels. Further, as per the Concession Agreement, PLL has to pay dredging charges for use of common user outer channel by the LNG vessels as decided by this Authority or any such other Competent Authority under the provisions of MPT Act as applicable from time to time as a percentage of the cost incurred by the COPT for the annual maintenance dredging of the common user outer channel for 280 m width and depth of 14.5 m. The Concession Agreement specifically states that berth hire charges are not applicable as it is for captive berth.

From the above said provisions, it is seen that the charges levied by the COPT for PLL captive berth towards vessel related charges are as per the rates applicable in the SOR approved by this Authority.

It is relevant here to state that the said Concession Agreement at clause 12.1(4) allows PLL to utilise the captive terminal for handling coal cargo for other users. Neither the COPT nor the PLL have approached this Authority as regards the tariff arrangement for levy of charges in the event the PLL utilises the captive terminal for handling LNG for other users. The tariff to be levied by the Major Port Trust or operator authorized by the Major Port Trust to render services to any user even if it is a captive berth user will require approval of this Authority as per the statute. That being so, it is the responsibility of the COPT being the licensor port, to ensure that tariff, if any, to be levied by the PLL for service rendered to other user has the approval of this Authority as required under the statute. Reference tariff is fixed by this Authority based on a proposal filed by the concerned Port Trust before inviting bids for award of projects on PPP mode. In the case of the arrangement between COPT and PLL, the project has already been awarded and both the parties have entered into the Concession Agreement. Therefore, the question of fixation of Reference Tariff at this juncture after conclusion of Concession Agreement does not arise. Since the service to the third party will be rendered by PLL, the COPT, being the Concessioning Authority, is directed to advise the PLL to file a proposal for fixation of tariff to handle third party cargo within three months from the date of notification of the Order passed following the approach adopted in the IFFCO Kisan Bazar and Logistics Limited (IKBLL) vide Order No.TAMP/55/2013-KPT dated 15 January 2016 as per 2005 Tariff Guidelines. By way of abundant caution, it is clarified that tariff, if any, levied by PLL for third party cargo for services if any, rendered by them does not have the approval of this Authority.

(iii). Following the provisions prescribed at Clause 2.3. of the Tariff Policy, 2015 and Clause 2.3. of the Working Guidelines, the COPT has arrived at average expenses for the years 2011-12, 2012-13 and 2013-14 at ₹287.73 crores.

(iv). The COPT has arrived at capital employed in line with provision prescribed in Clause 2.4. of the Working Guidelines. The COPT has considered the net fixed assets plus capital work-in-progress as on 31 March 2014 reported in the Audited Annual Accounts. As stated earlier, the COPT has stated that there are no expenditure incurred by port relating to captive berth given to PLL. Working capital is computed as per norms prescribed in clause 2.5. of Working Guidelines. The total capital employed arrived by COPT is ₹467.87 crores. Return on Capital Employed at 16% is ₹74.86 crores which is considered in the ARR computation.

(v). The ARR is the average of the expenditure for the three financial years 2011-12 to 2013-14 at ₹287.73 crores plus 16% ROCE at ₹74.86 crores aggregating to ₹362.59 crores as on 31 March 2014. Further, the COPT as per Clause 2.7. of Working Guidelines has indexed the said ARR @ 100% of the WPI applicable for the year 2014-15 and 2015-16 at 6% and 3.82% respectively and arrived at ceiling indexed ARR forwarding SOR at ₹399.02 crores for the year 2015-16.

The detailed working of ARR calculation given by the port vide its letter dated 27 January 2016 duly certified by Chartered Accountant is relied upon. A copy of the detailed computation of ARR furnished by COPT is attached as **Annex- I**. A summary of certified ceiling indexation ARR furnished by the COPT is given below:

(₹ in crores)

Sr. No	Particulars	2011-12	2012-13	2013-14
1	Total Expenditure after all Adjustments	232.78	312.29	318.11
2	Average Expenses [Y1 + Y2 + Y3] / 3	287.73		
3	Capital employed as on 31.03.2014 including capital work in progress as on 31.03.2014 and working capital as per norms	467.87		
4	Return on capital employed @ 16%	74.86		
5	ARR as on 31 March 2014 (5=2+4)	362.59		
6	Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 (6%)	**384.34**		
7	Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 (3.82%)	**399.02**		
8	Ceiling Indexed Annual Revenue Requirement (ARR)	**399.02**		

(vi). (a). As per Clause 2.5. of Tariff Policy 2015, for drawing the SOR, the COPT has reportedly considered the actual cargo traffic in tonnes and GRT of vessel handled by the port during the year 2014-15 to draw the proposed SOR within the ceiling indexed ARR of ₹399.02 crores.

(b). The actual cargo traffic reported to have been handled by COPT in the year 2014-15 is 212.00 lakhs tonnes excluding PLL (LNG) cargo. As regard PLL, the concession agreement entered by the COPT and PLL does not prescribe about levy of wharfage rate for captive cargo handled by PLL. The Concession Agreement stipulates per ton water front royalty agreed between the COPT and PLL. Royalty is not a tariff related item. The COPT has not approached this Authority seeking approval of any other tariff for the captive berth given to PLL. The COPT has included the cargo traffic of PLL in the revenue estimates of wharfage rate under cargo handling and accordingly, the waterfront royalty is grouped under cargo handling as a tariff item citing that waterfront Royalty is a tariff applicable on the quantity of LNG unloaded at the berth as per the Concession Agreement between COPT and PLL. Arguing that this is a tariff on cargo, akin to Wharfage, COPT is proposing to notify this under cargo related. The inclusion of waterfront royalty under cargo handling as tariff item is not in order as port does not appear to collect any wharfage rate for captive cargo of PLL and the COPT is collecting the waterfront royalty. It has not been established that the levy of waterfront royalty is towards any services rendered by COPT to PLL. The revenue realisation from PLL captive cargo calculated at the rate of ₹124.416 per tonne amounting to ₹491.03 lakhs is excluded from the total revenue estimated at the proposed indexed SOR.

The wharfage rates considered by the COPT in the revenue estimation in Form 3 is not matching with the proposed draft Scale of Rates due to minor discrepancies. This has been corrected in revenue estimation.

(c). For estimating the vessel related charges, the total GRT of vessels reported by the COPT for the year 2014-15 is 2,83,00,064. For estimating the revenue from port dues and berth hire charges, port has excluded 41,77,148 GRT and 85,37,025 from the total GRT citing that it relates to the GRT of tanker vessels handled and vessels handled at SPM and captive berth of PLL. As stated earlier, no berth hire charge is leviable for PLL berth and hence berth hire revenue from PLL is not captured in the revenue estimates. The revenue estimates furnished by the port are duly certified by the Chartered Accountant. The revenue estimate at the proposed tariff for all services for the actual traffic relating to the year 2014-15 have been verified and found in order.

(vii). As per Clause 2.6. of Tariff Policy 2015, the Major Port Trusts have the flexibility to determine the rates to respond to the market forces based on commercial judgement and draw the SOR within the ceiling of indexed ARR, duly certified by a practising Chartered Accountant. The Port has given detailed working of revenue estimation indicating each of the tariff items in the proposed SOR for corresponding traffic handled in 2014-15 as required as per Clause 2.9. of the Working Guidelines. The total revenue estimated by COPT at the proposed tariff is ₹288.37 crores which is within the ceiling indexed ARR of ₹399.03 crores. The revenue estimation by the COPT at the proposed tariff and traffic of 2014-15 has been duly certified by the Chartered Accountant and hence been relied upon. As stated in the previous paragraph, the revenue realisation from PLL amounting to ₹491.03 lakhs requires to be excluded to estimate the revenue realisable at the proposed indexed SOR. Minor discrepancy in Wharfage rate considered in revenue estimation is also corrected. That being so, the revenue realisable works to ₹284.38 crores. The said revenue realisable has been further modified based on the amendment proposed by the COPT in June 2016 in the vessel and container related tariff for coastal vessels in view of amendments in coastal concession policy issued by the MOS and final estimate of ARR is attached as **Annex – I** and is explained in subsequent paragraphs

(viii). In the revenue estimation, the COPT has not estimated revenue for a few miscellaneous tariff items as listed below:

(a). Pilotage fees for Barges
(b). Shifting charges for Barges
(c). Charges for Mooring Tugs
(d). Charges fo HMCs for Dry Bulk Cargo
(e). Storage charges-Import Cargo from De-stuffed from Containers
(f). Storage charges-Export Cargo admitted for stuffing into container at CFS and other facilities.
(g). Charges for use-of deballast tank, transfer/inter-transfer of POL products.
(h). License fees for jetties, piers etc (for the increase proposed)

The port was requested to capture the revenue estimates for the tariff items not included by it in the revenue estimates. The port has clarified that it has captured the revenue while estimating the revenue. However, the COPT has not captured the revenue for certain items. This is explained in the later part of the analysis.

(ix). (a) The COPT in its final revised proposal has proposed increase in all the existing tariff except for certain items of tariffs in Cargo related and Vessel related charges. The revision proposed is given below:

<u>Cargo Related Charges</u>

Tariff Item	**Tariff revision proposed**
Wharfage Charges:	

POL products	Special Dredging levy of ₹.68/- tonne is discontinued and the existing whargare of ₹.65/- increased to ₹103/- pr tonne. Hence, no impact on the revenue estimation.
Fertilizer Raw Material (Liquid): Liquid Ammonia & Phosphoric Acid Sulphuric Acid	 20% increase over the existing tariff. 40% increase over the existing tariff.
Other Liquids	20% increase over the existing tariff.
Fertilizers (MOP & Urea)	Status quo
Fertilizer Raw Material (Dry): Rock phosphate & Sulphur	 10% increase over the existing tariff.
Other Dry Bulk:	
Coal, Iron Scrap, Rever sand, Pet Coke	Status quo
Cement, Zink Concentrate	20% increase over the existing tariff.
Cement Clinker, Illimenite Sand, Baxuite.	10% increase over the existing tariff.
Salt	79% increase over the existing tariff.
Break Bulk:	
Project Cargo, Iron & Steel and Machinery	Status quo
Cement (Bag), Defence Cargo & Timber Logs	20% increase over the existing tariff.
Other Cargo Handling Charges:	
Ship Store Charges, Demurrage, Embarkation/Disembarkation charges for International passengers, HMC Charges, Ground rent on containers (Coastal), Storage charges for Containers (Foreign & Coastal), Weighment Charges, Equipment Hire charges etc.	Status quo
Wharfage, Lift on-Lift off, reefer plug charges for containers	20% increase over the existing tariff.
Hire Charges for Light duty Fork lift truck (Foreign & Coastal)	36% increase over the existing tariff
Container pre stage charges	25% increase over the existing tariff.
Ground Rent on Foreign Containers	60% increase over the existing tariff.
Containers–Stuffing/De-stuffing charges	13.94% increase over the existing tariff.
Storage charges for Import & Export Cargo	38.89% increase over the existing tariff.
Storage charges on Personal effects	42.86% increase over the existing tariff.
Oil pumping fees	50% increase over the existing tariff.

Vessel Related Charges

Tariff Item	**Tariff revision proposed**
Port Dues & Pilotage Charges (Foreign going vessels) (For Coastal vessels)	5% increase over the existing tariff. 60% of the rates proposed for Foreign going vessels
Berth Hire Charges (for all berths except Q2, Q3, Q10, NCB and BTP) For Q2 and Q3 berths For Q10, NCB and BTP	3% to 43% increase over the existing tariff. Status quo 10% reduction from existing tariff.

(b). With reference to the wharfage on POL products of ₹103/- per tonne, it is relevant here to recall that the validity of special per tonne dredging levy for POL products approved by this Authority vide Order No.TAMP/41/2013-COPT dated 15 November 2013 was the SOR of the COPT. This tariff item was required to be reviewed along with review of the general revision of its SOR. This Authority had stated in the said Order that special rate was approved as on interim tariff arrangement till POL traffic at COPT reaches breakeven point by the year 2015-16 and hence a separate special per tonne levy was approved by this Authority instead of the proposal of the COPT to revise the wharfage rate upwards to meet the maintenance dredging cost. The increase of wharfage from ₹65/- per tonne to ₹103/- per tonne appeared to merging the Special rate for dredging levy with the wharfage. To a query in this regard, the COPT has categorically stated that it does not intend to continue the Special rate for dredging levy. Its proposal is to increase the wharfage of POL products handled at Port berths from the existing rate of ₹65/- per tonne to ₹103/- per tonne. Even with this increase the overall revenue realisable as per the proposed tariff is well within the Indexed ARR. Further, the Tariff Policy of 2015 gives the flexibility to the Port Trusts to modify the rates within the ceiling ARR. There is no pointed objection from the Oil companies to the proposed increase for wharfage for POL products to ₹103/- per tonne. The objection of the BPCL-KRL is with regard to the wharfage of ₹ 25 per tonne leviable at the SBM.

(c). Most of the Users / User Associations have objected to the increase proposed by the COPT in other cargo related charges and vessel related charges and in particular port dues and pilotage charges for coastal vessels. The wharfage for handling Sulphur, Rock Phosphate and Finished Fertilisers at Q10 berths has not been increased since 1999 and in the case of Liquid Ammonia and Phosphoric Acid the last revision has happened only in 2007 as argued by COPT. As regards increase proposed in port dues and pilotage charges, the COPT has clarified that the port is incurring huge maintenance dredging cost and other overheads and the expenditure is increasing every year and to absorb the same, the Port has considered an increase in port dues and pilotage charges. However, considering the tariff for vessel related charges at the neighbouring ports, the port claims that it has proposed a nominal 5% increase

(d). It is also relevant here to state that during the last tariff revision Order in June 2013, this Authority had allowed to COPT to continue with the (then) existing tariff for the two years 2013-14 to 2014-15 for the reasons recorded in the said Order. Further, the IGTPL has also confirmed that the COPT has extended 85% reduction in tariff related to container tariff. The users and user association have had the benefit of the same tariff for the last tariff cycle.

It has to be recognized that Clause 2.6. of the Tariff Policy, 2015 gives flexibility to Major Port Trusts to fix the tariff within the ceiling ARR and also recognizing that the revenue estimated by the COPT at the proposed tariff is 72.5% of ceiling ARR and the revenue estimates at the proposed tariff are duly certified by the Chartered Accountant, this Authority is inclined to approve the increase in existing tariff as proposed by COPT.

(x). In the existing arrangement, there is a tariff item for levy of License fees and inspection fees for tying of Valloms /Boats owned by parties in their own water front apart from the said vessels owned by the Government organisations.

The COPT has proposed a new tariff item to levy the above said license fee for tying up the said vessels belonging to third parties in their own jetties. The port has also proposed the tariff leviable for others excluding the vessels of jetty owners and the vessels of third parties at ₹.1.00 lakh per annum.

To a query raised in this regard, the port has clarified that the Cochin Port Trust (Licensing of Jetties, Slipways and Boat pen) Regulations, 1968 were framed by the

Board of Trustees of Cochin Port in exercise of powers conferred under Sec.123 of the Major Port Trust Act, 1963 and subsequently amended in 1976. The rates provided therein were very low and prevailing since 1976. These rates have been mentioned in Schedule 6.11 under Chapter VI (Miscellaneous Charges) in the existing SOR. Private jetties in the extended Port area outside the shipping channels are only for private use. These jetties do not involve themselves in shipping business and are constructed only to cater to the personal boats of the owners of such jetties. The old fishing jetties were licensed at very low rates for the use of owners of valloms/boats who intended to use their waterfront for tying up of their own vallom/boats. However, the port has noticed that, most of them have allowed valloms/boats belonging to other owners to tie up their vessels illegally, and charging additional amounts for such service. Due to lack of business most of the original jetty owners abandoned their properties/jetties and the new owners did not envisage any interest in the maintenance of these jetties. Also, the rates for the old fishing jetties are to be re-fixed so as to cover the cost of annual inspection on regular verification to prevent encroachments and to cover other expenses. Despite specific request the port has not furnished the basis for arriving the new tariff item @ ₹1.00 lakh per annum.

It is relevant here to mention that the COPT has fixed the license fee for others who rent out their existing waterfront, jetties for tying up valloms and boats belonging to other owners at ₹1.00 lakh per annum following the regulations made by the Board of Trustees of Cochin Port in exercise of the powers conferred by Section 123 of the Major Port Trust Act, 1963 and accordingly, notified in the Kerala Gazette on 11 March 2014. The COPT has also raised the invoices on the respective parties for the revised license fee. Aggrieved by the decision of COPT, one of the lessees has filed a writ petition in the Honble High Court of Kerala and this Authority was also made one of the parties to it. However, the petitioner has not sought any relief from this Authority and there is no restrain order from the High Court of Kerala in fixing the Tariff.

The tariff proposed by the COPT is approved as the port has flexibility to determine the tariff within the ceiling ARR. Further, the COPT has estimated revenue on this account in Form 3. The tariff approved will have prospective application.

(xi). In the existing arrangement, the Port Dues for Coastal vessels is leviable once in thirty days. The COPT has proposed to change the frequency of levy and levy the port dues for coastal vessels on per entry basis akin to the method followed for levy of port dues for foreign going vessels. The BPCL-KR has requested for the existing procedure to continue. However, the COPT has sought to justify that it has made the proposal to change the method of levy to recover the expenses which have increased considerably. The COPT has also drawn reference to the position obtaining at other Major Port Trusts like MOPT, JNPT and MBPT where the levy is on per entry basis irrespective of the position whether the vessel is foreign going or coastal. Based on the justification given by the COPT its proposal to change the method of levy for coastal vessels from once in a month basis to per entry basis is approved.

(xii). Uniform port dues is applicable for all tanker vessels in the existing Scale of Rates. However, initially, the COPT proposed concession for port dues leviable on LNG vessels calling at PLL berth at 40%. The sharing of cost of outer channel maintenance dredging by PLL was in the ratio of cargo handled by PLL to the total cargo of the port except SPM cargoes. Since the PLL questioned the formula and requested for including the SPM cargo also in the formula on the ground that the COPT is charging port dues and pilotage on SPM cargo of BPCL, the COPT has agreed to include the SPM cargo also in the formula. In other words, the maintenance dredging cost for the outer channel will be shared by PLL in the ratio of LNG cargo to the total cargo of the Port. However, the port has withdrawn the concession in the port dues which the port proposed earlier. Therefore, all tankers will attract the singe rate of port dues including the LNG vessels calling at PLL Berth.

(xiii). The COPT has proposed to shift the existing schedule of charges for storage of cargo leviable at the transit area on license basis to the schedule of Estate Rentals with rationalization in tariff. The COPT has also informed that the rates will be revised along with the revision of lease rentals for which the proposal will be submitted by the port shortly. While the proposed rationalization in tariff, the financial implication of which has been captured in the revenue estimation, is approved, the proposal for shifting to the schedule of Estate Rentals can be considered when the port files the proposal for revision of Estate Rentals based of the Land Policy guidelines of the Government. The note proposed by COPT to the effect that the concessional (rationalized) rate will be collected till next revision of Scale of Rates is retained.

(xiv). While approving the tariff for HMC, the COPT was advised by this Authority vide Order dated 30 September 2014 to file a well analysed proposal linking the tariff to the performance of HMC during the next revision of tariff based on the experience gained. When the port was asked in this regard during the proceedings of the current proposal, the COPT has pleaded that the cargo handled by HMC is insignificant due to the cargo profile of the port and therefore, the utilization of the HMC is below 10%. It is has further pleaded that the utilization is too small to adopt a performance linked tariff. Recognizing the ground reality, the COPT is advised to file a proposal for fixation of performance linked tariff for HMC when the cargo volume of the HMC improves.

(xv). The port has proposed to introduce few new conditions, modified few existing conditions, deleted some of the conditions and tariff items. They are discussed as follows:

(a). New Conditions:

(i). The port has proposed to define the coastal rate as 60% of the foreign rate subject to the provision of at 1.2 (xiii). The description proposed by the port is not in a nature of definition. Therefore, the coastal rate need not be defined. What is coastal rate is already prescribed in the Scale of Rates. .

(ii). Since the port render service to non port berths, it has proposed a definition for non port berths meaning that any berth other than port berth will be non port berths. The non port berths are stated to be Cochin Shipyard, Seablue Shipyard etc.

(iii). The port has proposed a new composite package tariff for pilotage services for other than port berths at a minimum of ₹2.00 lakhs for first two hours and thereafter ₹0.75 lakhs per hour or part thereof. If the normal pilotage fee is higher than the composite package tariff, then the normal pilotage fees shall be applicable. The port has also proposed a tariff for use of additional tug at ₹0.50 lakhs per tug per hour or part thereof. The port has also proposed to levy 50% of basic composite charge towards pilotage charges under cold move in addition to the basic composite tariff of ₹2.00 lakhs. The port has proposed to collect the pilotage charges as per the Scale of Rates with respect to shifting of vessels from port berths to non-port berths and vice versa. The port has also clarified that the charges proposed will not be applicable for Indian Navy and Indian Coast Guard vessel moving to/from naval and Coast Guard berths. Accordingly, the port has proposed definitions for port berths and non-port berths.

In this regard, the port has furnished the reasons for proposing a separate tariff stating that the income from shifting charges is very low compared to the actual cost incurred by the port and the revenue from non-port berths is less than ₹100 lakhs per annum. The port has not considered revenue in its revenue estimation. However, considering the reasons furnished by the port and the estimated revenue from the non-port berths is insignificant, the proposal for a new composite tariff and the definition of port berths which comprises existing berths as well as SPM and LNG berths and the definition for non-port berths are approved.

(iv). The port has proposed to include a note under General Terms & Conditions that Priority berthing will be given to coastal shipping carrying Dry/Break Bulk cargo in any one of the berths. Such priority berthing shall be without recovery of priority berthing charges stating that the inclusion is in line with the TAMP Order No.TAMP/52/2014-Genl. dated 28.11.2014. The Order dated 28 November 2014 was issued based on the guidelines issued by the Ministry of Shipping on priority berthing for coastal vessels, which stipulate that coastal vessels shall not attract priority berthing charges. Hence, the proposed condition is approved.

(v). The port has proposed a note stating that Berth hire at double the normal rates will be applicable on research vessels, supply vessels, pleasure yachts, oil rigs and other non cargo vessels excluding passenger ships, Navy & Coast Guard Ships and Ships and Barges for bunkering. The port has not furnished any reasons for the proposed increase in the berth hire charges at 100%. Considering the time taken by these vessels at the berths and occurrence of handling these vessels at the port as understood from the port, the proposed note is approved.

(vi). The port has proposed to double the normal berth hire applicable on cargo ships idling on ship's account for 24 hrs or more during and after operations to discourage idling of cargo vessels after completion of operations. Hence, the proposed note is approved.

(vii). The port has proposed to include the formula for sharing of maintenance dredging cost for common user outer channel by Petronet LNG Limited. It is not a tariff item or a conditionality governing the application of tariff item. Therefore, the formula though agreed between the port and PLL is not prescribed in the SOR.

(viii). The port has proposed a note stating that 100% indexation will not apply on wharfage of Crude oil at SPM. This is reported to be flowing from the MOU entered between COPT and BPCL-KR which states that the wharfage charges will be determined on mutually agreed basis. Hence, the proposed note is approved.

(ix). The port has proposed to include the waterfront royalty under schedule of wharfage under Cargo Related Charges and a note regarding the increase in the waterfront royalty @ 20% for every three years and non-applicability of 100% of the WPI as per the MOU entered between COPT and PLL. To a specific query, the port has stated that the waterfront royalty is a tariff collection on the LNG cargo handled by PLL. The COPT has argued that the waterfront royalty is akin to wharfage and requested for prescription in the Scale of Rates. The payment of waterfront royalty by PLL to COPT is an arrangement agreed between them. If it is akin to wharfage, no proposal was filed by the COPT in this regard for approval. Wharfage is a tariff item to be approved by this Authority. Since the amount of ₹124.416 per tonne appears to be consideration amount for use of the waterfront of the port trust, it is not correct to equate with wharfage. Prescription of royalty or revenue share in the form of any terminology in the Scale of Rates of port trust is beyond the mandate given to this Authority. Hence, this Authority is not in a position to approve proposal of port to include the waterfront royalty under schedule of wharfage under cargo handling and note with respect to applicability of 100% WPI.

(x). The port has proposed a note stating the wharfage for bulk and break bulk cargo includes all the payments relating to supply of cargo handling workers and staff, hence, no separate charges on wage plus levy and piece rate incentive for supply of cargo handling worker and staff will be collected under the schedule of wharfage for bulk and break bulk cargo. The proposed note is as per the note already approved by this Authority vide Order dated 21 February 2014.

(xi). With reference to a note to collect lease rent for new concrete/temporary jetties in addition to license fee to recognise the bad of back waters, the COPT has clarified that the license fee is for jetties and lease rent is for waterfront area. Since, it is a waterfront area, 50% of the prescribed lease rental will have to be collected. The condition proposed by the COPT is suitably modified to reflect the 50% criteria.

(xii). The port has also proposed a note under schedule 7.8.3 stating that the License fee will be subject to Annual escalation @ 5% on License fees & Inspection fees. The COPT has proposed the License fees & Inspection fees apart of general revision of scale of rates under Tariff Policy 2015. The said Tariff Policy 2015 does not prescribe any automatic annual escalation except indexation of tariff at 100% of WPI subject to achievement of performance standards. Hence, this Authority is not in a position to approve the note.

(xiii). The COPT has proposed weighment charges for container Trailers and Trucks using 100T capacity weighbridge at ₹.150/- per 20’ TEU and ₹. 200/- per 40’ and above. The basis for proposed rate remains unexplained. The revenue impact also has not been captured in the revenue estimation. Neverthless, since the port has the flexibility to prescribe charges and recognising that the over all proposed Scale of Rates will achieve only 72.50% of the ceiling ARR leaving a balance of 27.50% cushion, the proposed tariff item is approved.

(b). Modifications to existing conditionalties:

(i). The port has proposed to modify the definition of day as Day shall be the period of 24 hours starting from 07.00 hrs of a day to and ending at 07.00 hrs on the following day. The proposed change in the definition does not have any material impact and hence, the proposed change in the definition of day is approved.

(ii). The port has proposed to modify the definition of free period under schedule Definitions – General and note under Demurrage charge/ Storage charge in respect of Finished sugar and Pulses (Import) adding that once demurrage /storage charge starts accruing no allowance will be made for the customs notified holidays and port non-working days. The modification proposed is in line with the Clause 8.6 of the Working Guidelines for determination of tariff under Tariff Policy 2015; hence, the modification proposed to the existing note is approved.

(iii). The port has proposed to modify the rate of penal interest on delayed payments/refunds @ 15%. The proposed modification is in line with the Clause 5.5.1 of the Working Guidelines for determination of tariff under Tariff Policy 2015. Hence, the modification proposed to the note is approved.

(iv). The port has proposed to modify the note with respect to levy of vessel related charges for coastal vessels as Vessel related charges for coastal vessel should take into account the exchange rate fluctuation of Indian Rupee Vs US $ so that vessel related charges for coastal vessels shall not exceed 60% of corresponding charges for other foreign going vessels. Further, these charges will be collected in Indian Rupees only at the applicable existing rate. The proposed modification is in line with the Order passed by this Authority vide Order No. TAMP/4/2004-Genl. dated 5 October 2015 and hence, is approved.

(v). The port has rationalized the tariff applicable for both old bunks and new bunks towards License fee for the use of port's bunks and proposed a single rate of ₹.250/- per sq. mtr. per month as against the various rates depending upon the sizes of the bunks, both for old and new stating that all the old bunks are tendered and allotted afresh and accordingly proposed a single rate. Considering the clarification, the proposed rate is approved.

(c). Deletions in the existing conditionalties:

(i). The port has proposed to delete the definition of Cold move from the schedule of Definitions – General. The port has not furnished any reasons for the proposed deletion. Further, since, the cold move is one of the criteria for levy of tariff proposed for pilotage service for other than port berths, this Authority is not in a position to approve the deletion of definition of cold move.

(ii). The port has proposed to delete two general terms & conditions with regard to fees payable for shifting of a sailing vessel from any jetty/berth at Willingdon Island/Fort Cochin wharf to a stream or wharf berth and sailing vessels will be allowed to be shifted in the inner harbour only undertow at the cost of owners & with prior intimation from the existing SOR stating that these services are not rendered to such vessel now in the port. Hence, the proposed deletion of the tariff item is approved.

(iii). The port has proposed to delete the schedule for charges for the use of Port's Dry dock stating that the facility of work shop and dry dock was handed over to the Cochin Shipyard Limited (CSL) for the development and operation of an International Ship Repair Facility and the CSL pays the lease rents for the area handed over and hence, the proposed deletion of the tariff item is approved.

(iv). The port has proposed to delete the schedule for charges for use of Port's Fire Equipment stating that the Port is not in a position to hire out the equipment and hence separate rate is not required in SOR. Recognizing that this item is related to safety aspect of the port and in case a user / operator makes a request for fire tender or fire pump to port, a tariff should be available, this Authority decides to retain the tariff for use of port's fire equipment at schedule 7.1 under chapter VII – Miscellaneous charges instead of deletion proposed by the port. The tariff for this item is prescribed at ₹ 666.40 per hour or part thereof applying 36% increase over the existing rate of ₹. 490 per hour or part thereof in line with the increase proposed for hire of other equipment. Consequently, the subsequent schedules nos are renumbered as 7.2 to 7.11 instead of 7.1 to 7.10.

(v). The port has proposed to deleted the note under the schedule of charges for issue of wharf entry permits to authorized visitors. The proposal for deletion of note does not have any impact and hence, the proposed deletion is approved.

(vi). The port has proposed to delete the charges of ₹2000/- per launch per day or part thereof for Passenger launches under Misc. Charges. It is understood from the COPT the tariff item is not relevant now. Hence, the proposal of the port to delete the tariff item is approved.

(xvi). As stated earlier, this Authority has disposed of the proposal of COPT filed by it for General Revision of its Scale of Rates vide Order No.TAMP/58/2015-COPT dated 27 February 2016. The SOR and the Performance standards were notified on 4 May 2016. The said SOR takes into account, among other things, the (then) direction issued by MOS vide its letter No.8/(15)2015-TAMP dated 17 September 2015 on the prescription of coastal rates with reference to the prevailing exchange rate. As per the said direction of the MOS, vessel related charges for coastal vessel should take into account the exchange rate fluctuation of the Indian Rupee vs the US$ so that vessel related charges for all coastal vessels do not exceed 60% of the corresponding charges for other vessels and these charges will be collected in Indian Rupees at the applicable exchange rate. Also, as regards container related charges denominated in US$ for foreign containers, the tariff for coastal container shall not exceed 60% of the corresponding charges applicable for other foreign containers and these charges will be collected in Indian Rupees at the applicable exchange rate. Based on the direction of the MOS for immediate prescription of rates for coastal vessel and coastal container, this Authority has passed an Order No. TAMP/4/2004-Genl. dated 5 October 2015 incorporating suitable notes in the Scale of Rates of Major Ports and private terminal operating thereat and communicated to all the Major Port Trusts including COPT and concerned BOT operators for implementation. Accordingly, the COPT has estimated the revenue. Accordingly, the revised SOR of the COPT approved by this Authority vide Order No.TAMP/58/2015-COPT dated 27 February 2016, prescribed the following note in place of vessel related charges for coastal vessel and container related charges for coastal category whose foreign counter part was denominated in US$.

“Rates for coastal vessel is upto 60% (of the rate for foreign going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation”.

(xvii). As also stated earlier, subsequently, the MOS has, vide its letter No.8/(15)2015-TAMP dated 11 May 2016, stating that the consequence related with linkage of exchange rate fluctuation for restatement of coastal tariff need to be addressed. The MOS has issued a direction to this Authority stating that till such time the issues are addressed, the MOS has decided to temporarily keep its direction vide its letter no.8/(15)2015-TAMP dated 17 September 2015 in abeyance till further orders and has restored the earlier policy direction issued by the (then) Ministry of Shipping, Road Transport & Highways (MSRTH) vide its letter no.PR-14019/29/2001-PG dated 1st/3rd January 2005 and 9 March 2005 and directed this Authority to appropriately prescribe the coastal cargo/ container/ vessel related charges levied at all Major Port Trusts and private operators authorized under Section 42(3) of the Major Port Trusts Act, 1963 immediately. The direction of the MOS vide its letter dated 11 May 2016 was culminated in to Order No.TAMP/4/2004-Genl. dated 19 May 2016 directing all the Major Port Trusts (MPTs) to amend their Scale of Rates accordingly. This Order was communicated to all Major Port Trusts including COPT vide our letter No.TAMP/4/2004-Genl. dated 30 May 2016.

In this backdrop, COPT was requested to file an appropriate proposal for notification of tariff for coastal vessels in line with the Order dated 19 May 2016. In pursuance of Order dated 19 May 2016, the COPT vide its letter No.FD/Costing/Revision of SOR/2016 dated 1 June 2016 and 15 June 2016 has filed the revised proposed SOR along with revised revenue estimates. In the revised proposed SOR the only modification done by the port is replacing the note relating to the vessel related charges for coastal vessels and coastal container related charges with specific rate furnished by the port in pursuance of the May 2016 policy direction of the MOS. The revised revenue estimated by the COPT at the revised proposed rates is 279.42 crores as against ₹288.37 crores estimated by the COPT vide its earlier proposal dated 27 January 2016.

On perusing the proposed SOR and comparative statement furnished by the COPT, it is seen that the COPT has applied the prevailing exchange rate i.e. 1US$ = ₹59.90 based on the exchange rates considered by it in the proposal filed in November 2014 for arriving at the rate for Coastal Vessels, coastal container related charges. For vessel related charges for coastal category, the COPT has proposed the rate considering the eligible concession of 40% on its foreign counter part.

The approach adopted by the COPT for arriving at the amended rate for coastal vessel applying the current foreign exchange rate of 1US$ = ₹ 59.90 as considered by COPT in its old proposal of November 2014 (which was closed in view of New Tariff Policy 2015 announced by the MOS) is not in the line with the direction issued by MOS on 11 May 2016. As stated earlier, the MOS has temporarily kept the direction of 17 September 2015 in abeyance and reinstated the direction issued by the (then) MSRTH vide its letter no.PR-14019/29/2001-PG dated 1 / 3 January 2005 and 9 March 2005. The relevant para 3 (ii) of the Order No.TAMP/4/2004-Genl. dated 7 January 2005 passed by this Authority based on the policy direction issued by the MSRTH on 1 / 3 January 2015 regarding non reinstatement of coastal rates is reproduced below:

"The coastal rates will not automatically increase on account of exchange rate variations. They are to be delinked from dollar denominated rates, if any, prescribed for other categories of vessels/containers. Restatement of coastal rates with reference to prevailing exchange rate at the time of each general revision of Scale of Rates should not be resorted to. But, the minimum concessions as envisaged by this policy should be ensured."

Thus, it is seen that the approach adopted by COPT is not found in line with the above said MOS direction. Hence, the vessel related charges for coastal vessel and container storage charges for coastal category has been modified without resorting to restatement of rates to the prevailing exchange rate. The revenue estimates capturing the modified rates in respect of vessel related charges for coastal vessel and container related charges for coastal category in pursuance of the recent direction of the MOS works out to ₹264.45 crores which is lower than the estimated Annual Revenue Requirement (ARR) of ₹ 279.42 crores estimated by the COPT. The modified Form 1 estimating the modified revenue estimates is attached as Annex-I. The modification in the revenues estimates is on account of prescription of vessel related charges for coastal vessels and coastal containers related charges on account of policy direction of the MOS issued in May 2016.
As stated earlier, the ceiling indexed ARR is ₹399.02 crores. The port has sought tariff increase to meet the ARR of ₹279.42 crores. Thus, there is a revenue gap is ₹134.57 crores. For a few tariff items the port has not estimated revenue as explained in the preceding paragraphs. Looking to the insignificant nature of tariff items and even if the port realizes additional revenue for such insignificant tariff items the additional revenue is not expected to exceed the revenue gap of ₹134.57 crores.

As stated earlier, the MOS in its communication dated 11 May 2016 has stated that the consequences related to linkage of exchange rate fluctuation for restatement of coastal tariff need to be examined so that there is no adverse impact on promotion of coastal shipping. Till such time the issues are addressed, the MOS has decided to temporarily keep its earlier direction dated 17 September 2015 in abeyance till further orders. The COPT, therefore, can come up with a suitable proposal for modification in the coastal rates based on the further direction/ Orders to be received from the MOS on this matter.

(xviii). The COPT has stated that the revised proposed rates filed by it vide its letters dated 1 June 2016 and 15 June 2016 will be effective from 3 June 2016. The port has stated that even the Port users have finally agreed in principle to the proposal of the Port.

In this context it is to state that the revised SOR was approved by this Authority on 27 February 2016. The SOR and Performance Standards approved by this Authority were notified in the Gazette on 04 May 2016 which is effective after expiry of 30 days from the date of notification of SOR in the Gazette i.e. from 3 June 2016. Till the amendment proposed by the port to the vessel related and container related charges in view of the policy direction issued by the MOS are approved and notified in the Gazette of India, the vessel related and container related charges as approved in the SOR notified on 4 May 2016 will continue to apply. In any case, the COPT has the flexibility to levy rates lower than the approved rates by this Authority, since the rates approved by this Authority are ceiling rates.

Since the amended rates approved flows from the direction of the MOS, it will have immediate effect from the date of notification of the detailed speaking Order in the Gazette.

(xix). Clause 3.7. of the Working Guidelines issued by this Authority to operationalise the Tariff Policy 2015 stipulates that ordinarily the Order approved by this Authority shall come into effect after expiry of 30 days from the date the Order is notified in the Gazette.

(xx). (a). **The users/user associations have objected to the tariff increase proposed by the COPT. In this regard, it is relevant here to mention that as per clause 8.1. of the Tariff Policy 2015, the rates prescribed in the Scale of Rates are ceiling levels; rebates and discounts are floor levels. The COPT can exercise the flexibility to charge lower rates and/or allow higher rebates and discounts.**

(b). As stated earlier, as per Clause 2.7. the Tariff Policy 2015, it is for the COPT to ensure that as a result of revision in the SOR there will not be loss of traffic to the port.

(c). The modification proposal by COPT in the conditionality governing the Scale of Rates are considered for approval based on justification / clarification furnished by COPT. For reasons stated, a few modification in conditionality proposed by COPT have not been approved. If any error apparent on the face of record or for any other justifiable reasons, the COPT, port users / user association may approach this Authority for review giving adequate justification / reasoning within 30 days of notification of the Order in the Gazette.

(xxi). As per clause 4.1. of the Tariff Policy, 2015, (i). the additional surplus assessed by TAMP in earlier tariff Orders which remain unadjusted has to be transferred by Major Port Trusts to any fund as desired by the Port Trust, and, further (ii). additional surplus, if any, accruing to the Major Port Trusts during the period of application of existing Scale of Rates till the effective date of implementation of the new Scale of Rates fixed under this policy should be assessed and transferred to the General Reserve and use the funds for the purpose of development, creation and / or modernization of the port infrastructure facilities.

As brought out in para 12(xii)(d) of the last general revision Order dated 1 April 2013, this Authority has decided to set off past period surplus of ₹71.63 crores against the deficit of ₹. 46.37 crores in 2012-13 and short fall in Pension fund of ₹1273 crores in the pension fund as compared to the requirement as per actuarial valuation as on 31 March 2012.

For the years, 2013-14 to 2014-15, the port has not assessed any surplus/deficit and stated that there is no additional surplus to be transferred to General Reserve Account. In this connection, it is relevant here to mention that the profit & loss account for the year 2014-15 of COPT shows a deficit of ₹72.04 crores and hence question of treatment of transfer of surplus as per clause 4.1. of the Tariff Policy 2015 does not arise.

After finalising the accounts for the financial year 2015-16, the COPT is requested to assess the actual surplus / deficit and in case of surplus, if any, comply with provision prescribed in Clause 4.1. of the Tariff Policy 2015 and also report the position to this Authority.

(xxii). It is relevant to state here that this Authority in view of the clarification sought by the V.O. Chidambarnar Port Trust regarding levy of concessional charges for coastal cargo/ container has passed an Order No.TAMP/53/2015-VOCPT dated 29 September

2015 based on the recommendations of Directorate General of Shipping. The provisions approved in the said Order were further amended vide Order No. TAMP/53/2015-VOCPT dated 26 November 2015. The said Order passed is for common adoption by all the Major Port Trusts. On perusing the revised SOR, it is seen that the port has not deleted the provisions prescribed in existing SOR which are replaced by the provisions prescribed in the November 2015 Order. The proposed SOR is suitably modified in line with the prescription approved in the common adoption Order of November 2015.

(xxiii). As per Clause 3.1. of the Tariff Policy 2015, the Major Port Trusts shall also commit Performance Standards for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port shall prescribe Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels and any other parameter which is found relevant by the Port. The COPT has committed Performance Standards for cargo related services in terms of average ship berth day output in tonnes / day including container handling. The COPT has also proposed Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels. The Tariff Policy 2015 does not prescribe any method or basis for proposing performance standards. The performance standards as proposed by the COPT is prescribed along with SOR.

(xxiv). As per Clause 2.8. of the Tariff Policy, 2015, SOR will be indexed annually to the inflation to the extent of 100% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January 2014 and 1 January of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Further, as per clause 3.2 of the Tariff Policy 2015 to be read with clause 2.8 of the Tariff Policy 2015, annual indexation in SOR at 100% of the WPI is applicable subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. It is relevant to state that in the instant case indexation for the year 2015-16 is already considered in the ARR computation and for drawing the SOR. The next annual indexation in SOR will thus be applicable from 1 April 2017 subject to increase in inflation index and achievement of Performance Standards in the year 2016-17. That being so, a note is inserted in the SOR to the effect that the SOR approved by this Authority is subject to automatic annual indexation at 100% of the WPI to be announced by this Authority. The annual indexation will be from 1 April 2017 subject to increase in inflation index announced by us and the COPT achieving the Performance Standards notified alongwith the SOR. If Performance Standards prescribed in the SOR are not achieved, there will be no indexation in SOR for that particular year. The Tariff Policy 2015 stipulates that annual indexation in the SOR will be automatic subject to achievement of Performance Standards. It does not require the Major Port Trusts to approach this Authority for the same. In Order to have transparency, the port is advised to declare the Performance Standards achieved for the period 1 January to 31 December vis-à-vis the Performance Standards notified by this Authority at the level committed by the port within one month of end of the calendar year to the concerned users as well as to this Authority. If the Performance Standards as notified by this Authority are achieved by the port, then the port can automatically index the rates prescribed in this SOR at 100% of WPI announced by this Authority and apply the indexed SOR w.e.f. 1 April of the relevant year. The indexed SOR by the COPT to be intimated by the port to the concerned users and to this Authority.

(xxv). The validity of the existing SOR of the COPT was last extended till 31 December 2015 or till the effective date of implementation of the revised Scale of Rates, whichever is earlier. By the time the Order comes into effect, it may be around April 2016. That being so, the existing Scale of Rates is deemed to have been extended from the date of expiry till the revised SOR comes into effect.

(xxvi). As per Clause 3.8. of Working Guidelines, the SOR notified shall remain valid for 3 years after expiry of 30 days from the date of notification of the Order in the Gazette of

India. By the time the Order comes into effect, it may be around April 2016, as stated earlier. Therefore, and since the Tariff Policy, 2015 requires computation of tariff based on ARR on the actuals reported in the Audited Accounts for three years, the validity of the revised SOR is prescribed till 31 March 2019.

16.1 In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the amendments in the Vessel related Charges and Container related charges for coastal category in the existing SOR approved by this Authority vide Order dated 27 February 2016 and notified vide Gazette No 180 dated 4 May 2016 attached as Annex.

16.2. The amendments to SOR approved by this Authority will come into effect from the date the Order is notified in the Gazette of India.

16.3. The COPT has committed Performance Standard for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port has committed Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels and idle time at berth Port.

16.4. The indexation of SOR as provided in Clause 2.8 of the Tariff Policy, 2015 is to be read with Clause 3.2. of Tariff Policy 2015. If COPT does not fulfil the Performance Standard, no indexation is eligible for the next year.

16.5. As per Clause 7.1. of the Tariff Policy 2015, the COPT shall furnish to this Authority annual reports on cargo traffic, ship berth day output, average turnaround time of ships, average pre-berthing waiting time as well as the tariff realized for each of its berth. The annual reports shall be submitted by the Port within 60 days following the end of each of the year. Any other information which is required by this Authority shall also be furnished to this Authority from time to time.

16.6. As per Clause 4 of the Working Guidelines, this Authority shall publish all the information received by it from COPT under clause 7.1. of the Tariff Policy, 2015 on its website. However, this Authority shall consider a request from COPT about not publishing certain data/information furnished which is commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation upon such publication. This Authority's decision in this regard would be final.

(T.S. Balasubramanian)
Member (Finance)

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Annex

Amendment to the existing SOR of Cochin Port Trust (COPT) approved vide Order No. TAMP/58/2015-COPT dated 27 February 2016

The following notes/ schedules prescribed in the existing Scale of Rates (SOR) of the COPT approved by this Authority vide Order No.TAMP/58/2015-COPT dated 27 February 2016 to be replaced as given below:

(i). Replace note (xiv) under 1.2 General Terms and Conditions under Chapter I of the existing SOR with the following:

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016	Replace with the following
(xiv). (a). Vessel related charges for coastal vessel should take into account the exchange rate fluctuation of Indian Rupee vs US $ so that vessel related charges for coastal vessels shall not exceed 60% of the corresponding charges for other foreign going vessels. Further, these charges will be collected in Indian Rupees only at the applicable exchange rate.	(xiv). (a). The vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other foreign vessels.
(b). As regards the Container related charges which are denominated in US dollars for the foreign containers, the tariff for coastal container shall not exceed 60% of the corresponding charges for other foreign containers. Further, these charges will be collected in Indian Rupees only at the applicable exchange.”	Note (b) deleted. Consequently, existing notes, (c), (d), (e), are renumbered as (b), (c),(d).

(ii). Replace 2.1.1. with the following Schedule of Port Dues under Chapter II prescribed in existing SOR as given below:

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

Sl. No	Type of vessel	Rate per GRT	
		Foreign vessel (in US$)	Coastal Vessel (in ₹)
1	All Tankers at Port berths and STS	0.396	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.
2	Container Vessels	0.376	
3	Other Vessels	0.301	

Replace with the following

Sl. No	Type of vessel	Rate per GRT	
		Foreign vessel (in US$)	Coastal Vessel (in ₹)
1	All Tankers at Port berths and STS	0.396	10.58
2	Container Vessels	0.376	10.07
3	Other Vessels	0.301	8.07

(iii). Replace 2.2.1. with the following Schedule of Pilotage fees under Chapter II prescribed in existing SOR with the following:

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016	Replace with the following

Sl. No	Vessel Size (GRT)	Rate per GRT						
		Foreign vessel (in US$)				Coastal vessel (in ₹)		
		Vessels at SBM & STS	Vessels at LNG	Container Vessels	Other vessels	Vessels at SBM, STS & LNG	Container Vessels	Other vessels
(i)	Upto 30000	0.4259	0.2750	0.8180	0.8435	*Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.*		
(ii)	30001 to 60000			US $ 24540 plus US $ 0.6544 per GRT over 30000 GRT	US $ 25305 plus US $ 0.6748 per GRT over 30000 GRT			
(iii)	600001 & Above			US $ 44172 plus US $ 0.5726 per GRT over 60000 GRT	US $ 45549 plus US $ 0.5905 per GRT over 60000 GRT			

Sl. No	Vessel Size (GRT)	Rate per GRT							
		Foreign vessel (in US$)				Coastal vessel (in ₹)			
		Vessels at SBM & STS	Vessels at LNG	Container Vessels	Other vessels	Vessels at SBM & STS	Vessels at LNG	Container Vessels	Other vessels
(i)	Upto 30000	0.4259	0.2750	0.8180	0.8435	*11.69*	*10.90*	*21.89*	*22.56*
(ii)	30001 to 60000			US $ 24540 plus US $ 0.6544 per GRT over 30000 GRT	US $ 25305 plus US $ 0.6748 per GRT over 30000 GRT			*₹656700 plus ₹17.50 per GRT over 30000 GRT*	*₹ 676800 plus ₹18.05 per GRT over 30000 GRT*
(iii)	600001 & Above			US $ 44172 plus US $ 0.5726 per GRT over 60000 GRT	US $ 45549 plus US $ 0.5905 per GRT over 60000 GRT			*₹1181700 plus ₹15.32 per GRT over 60000 GRT*	*₹ 1218300 plus ₹15.80 per GRT over 60000 GRT*

(iv). **Replace 2.2.3. with the following Schedule of Shifting Charges under Chapter II prescribed in existing SOR with the following:**

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016	Replace with the following

Sl. No	Vessel Size (GRT)	Rate per GRT					
		Foreign vessel(in US$)			Coastal vessel (in ₹)		
		Vessels at SBM, STS & LNG	Container Vessels	Other vessels	Vessels at SBM, STS & LNG	Container Vessels	Other vessels
(i)	Upto 30000	0.2130	0.4090	0.4218	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.		
(ii)	30001 to 60000		US $ 12270 plus US $ 0.3272 per GRT over 30000 GRT	US $ 12654 plus US $ 0.3374 per GRT over 30000 GRT			

Sl. No	Vessel Size (GRT)	Rate per GRT					
		Foreign vessel (in US$)			Coastal vessel (in ₹)		
		Vessels at SBM, STS & LNG	Container Vessels	Other vessels	Vessels at SBM, STS & LNG	Container Vessels	Other vessels
(i)	Upto 30000	0.2130	0.4090	0.4218	*5.85*	*10.95*	*11.28*
(ii)	30001 to 60000		US $ 12270 plus US $ 0.3272 per GRT over 30000 GRT	US $ 12654 plus US $ 0.3374 per GRT over 30000 GRT		*₹328500 plus ₹8.75 per GRT over 30000 GRT*	*₹338400 plus ₹9.03 per GRT over 30000 GRT*

(iii)	600001 & Above		US $ 22086 plus US $ 0.2863 per GRT over 60000 GRT	US $ 22776 plus US $ 0.2953 per GRT over 60000 GRT	

(iii)	600001 & Above		US $ 22086 plus US $ 0.2863 per GRT over 60000 GRT	US $ 22776 plus US $ 0.2953 per GRT over 60000 GRT		*₹591000 plus ₹7.66 per GRT over 60000 GRT*	*₹609300 plus ₹7.90 per GRT over 60000 GRT*

(v). <u>Replace the Schedule 2.2.4. Tug charges for Port berths under Chapter II prescribed in existing SOR with the following:</u>

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

Particulars	Rate per tug hour or part thereof	
	Foreign vessel (in US$)	**Coastal Vessel (in ₹)**
Tug charges for SPM, STS or any other operations	606.56	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.

Replace with the following

Particulars	Rate per tug hour or part thereof	
	Foreign vessel (in US$)	**Coastal Vessel (in ₹)**
Tug charges for SPM, STS or any other operations	606.56	16231.55

(vi) <u>Replace subsections (1), (2), (3), under the Schedule 2.2.5 Miscellaneous Pilotage fees under Chapter II prescribed in existing SOR with the following:</u>

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

2.2.5 Schedule of Miscellaneous Pilotage fees

1. Pilotage fee for Barges

Unit	Foreign vessel (in US $)	Coastal Vessel (in ₹)
Each way per vessel	49.69	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.

2. Detention Charges

Particulars	Unit	Foreign vessel (in US $)	Coastal Vessel (in ₹)
For detention of a pilot for more than 30 minutes beyond the time for which the requisition is made	Per hour or part thereof	196	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.

Replace with the following

2.2.5 Schedule of Miscellaneous Pilotage fees

1. Pilotage fee for Barges

Unit	Foreign vessel (in US $)	Coastal Vessel (in ₹)
Each way per vessel	49.69	1329.70

2. Detention Charges

Particulars	Unit	Foreign vessel (in US $)	Coastal Vessel (in ₹)
For detention of a pilot for more than 30 minutes beyond the time for which the requisition is made	Per hour or part thereof	196	5244.96

3. Cancellation Charges

Particulars	Foreign vessel (in US$)	Coastal Vessel (in ₹)
For the cancellation of the requisition for a service of a pilot with less than 2 hrs. notice to the Dy. Conservator.	294	*Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.*

3. Cancellation Charges

Particulars	Foreign vessel (in US$)	Coastal Vessel (in ₹)
For the cancellation of the requisition for a service of a pilot with less than 2 hrs. notice to the Dy. Conservator.	294	7867.44

(vii) <u>Replace the Schedule 2.2.6. Shifting fee for Barges under Chapter II in existing SOR with the following</u> :

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

2.2.6. Shifting fee for Barges

Unit	Foreign vessel (in US$)	Coastal Vessel (in ₹)
Each way per vessel	24.85	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.

Replace with the following

2.2.6. Shifting fee for Barges

Unit	Foreign vessel (in US$)	Coastal Vessel (in ₹)
Each way per vessel	24.85	681.70

(viii) <u>Replace the Schedule 2.3. Berth Hire Charges under Chapter II in existing SOR with the following</u>:

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

2.3.1. Schedule of berth hire charges.

Sl. No.	Name of berths	Rate per GRT per hour	
		Foreign vessel (in US$)	Coastal Vessel (in ₹)
1	UTL, SCB, Q2, Q3	0.00485	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.
2	Q1, NCB, BTP, Q5, Q6, Q7, Q10	0.00534	
3	Q8, Q9	0.00543	
4	Q4, STB, NTB, COT	0.00558	
5	Container Berths at ICTT	0.00567	

Replace with the following

Sl. No.	Name of berths	Rate per GRT per hour	
		Foreign vessel (in US$)	Coastal Vessel (in ₹)
1	UTL, SCB, Q2, Q3	0.00485	0.1539
2	Q1, NCB, BTP, Q5, Q6, Q7, Q10	0.00534	0.1695
3	Q8, Q9	0.00543	0.1724
4	Q4, STB, NTB, COT	0.00558	0.1771
5	Container Berths at ICTT	0.00567	0.1800

2.3.2 Schedule of Berth Hire Charges for other vessels/floating crafts/bodies

Sl. No.	Particulars	Rate per GRT per hour or part thereof	
		Foreign vessel (in US$)	Coastal Vessel (in ₹)

2.3.2 Schedule of Berth Hire Charges for other vessels/floating crafts/bodies

Sl. No.	Particulars	Rate per GRT per hour or part thereof

1	Inland Waterways Barges		0.00704	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.
2	**Lash Barges:**			
	(i).	Berth hire for occupying any berth	0.00946	
	(ii).	Fleeting charges when barges wait at fleeting areas	0.00309	
3	**Floating Crafts/ Bodies:**			
	(i).	Occupying port berths	0.00946	
	(ii).	Not occupying port berths but remaining in port water area	0.00309	

			Foreign vessel (in US$)	**Coastal Vessel (in ₹)**
1	Inland Waterways Barges		0.00704	0.1882
2	**Lash Barges:**			
	(i).	Berth hire for occupying any berth	0.00946	0.2529
	(ii).	Fleeting charges when barges wait at fleeting areas	0.00309	0.0819
3	**Floating Crafts/ Bodies:**			
	(i).	Occupying port berths	0.00946	0.2529
	(ii).	Not occupying port berths but remaining in port water area	0.00309	0.0819

(ix) Replace the Schedule 2.4. Charges for Supply of fresh water to vessels under Chapter II in existing SOR with the following:

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

Sl. No.	**Description**	**Foreign vessel (in US$)**		**Coastal Vessel (in ₹)**
		Rate (per 1000 Lts.)	**Minimum charge**	
1.	Supply through Barges:			Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.
	(i). At inner harbour	10.78	270	
	(ii).At outer harbour	43.12	1078	
2.	Water supply through shore	6.16	154	

Replace with the following

Sl. No.	**Description**	**Foreign vessel (in US$)**		**Coastal Vessel (in ₹)**	
		Rate (per 1000 Lts.)	**Minimum charge**	**Rate (per 1000 Lts.)**	**Minimum charge**
1	Supply through Barges:				
	(i). At inner harbour	10.78	270	288.45	7225.20
	(ii).At outer harbour	43.12	1078	1153.90	28847.30
2	Water supply through shore	6.16	154	164.90	4121.05

(x). Replace the Schedule 5.2 Ground Rent on Containers under Chapter-V in the existing SOR with the following :

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

Sl. No.	**Period of occupation**	**Rate per Container per day or part thereof**					
		20'	**40'**	**Above 40'**	**20'**	**40'**	**Above 40'**
		Foreign (in US $)			**Coastal in ₹**		
1	**Empty Containers**						
	(i). First 3 days	Free	Free	Free	*Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by*		
	(ii). 4th day to 10th day	4	8	12			
	(iii). 11th day to 15th day	8	16	24			
	(iv). Thereafter	16	32	48			
2	**Loaded Containers**						

Replace with the following

Sl. No.	**Period of occupation**	**Rate per Container per day or part thereof**					
		20'	**40'**	**Above 40'**	**20'**	**40'**	**Above 40'**
		Foreign (in US $)			**Coastal in ₹**		
1	**Empty Containers**						
	(i). First 3 days	Free	Free	Free	Free	Free	Free
	(ii). 4th day to 10th day	4	8	12	178.40	356.80	535.20
	(iii). 11th day to 15th day	8	16	24	356.80	713.60	1070.40
	(iv). Thereafter	16	32	48	713.60	1427.20	2140.80
2	**Loaded Containers**						

	(i). First 7 days	Free	Free	Free	*taking into account the exchange rate fluctuation.*
	(ii). 8th day to 15th day	4	8	12	
	(iii). 16th day to 30th day	8	16	24	
	(iv). Thereafter	16	32	48	
3	**Hazardous Containers**				
	(i). First 7 days	Free	Free	Free	
	(ii). 8th day to 15th day	5	10	15	
	(iii). 16th day to 30th day	10	20	30	
	(iv). Thereafter	20	40	60	
4	**Transhipment**				
	Empty Container				
	(i). First 15 days	Free	Free	Free	
	(ii). 16th day to 30th day	8	16	24	
	(iii). Thereafter	12	24	36	
	Laden Container				
	(i). First 30 days	Free	Free	Free	
	(ii). 31st day to 45th day	8	16	24	
	(iii). Thereafter	12	24	36	

	(i). First 7 days	Free	Free	Free	Free	Free	Free
	(ii). 8th day to 15th day	4	8	12	178.40	356.80	535.20
	(iii). 16th day to 30th day	8	16	24	356.80	713.60	1070.40
	(iv). Thereafter	16	32	48	713.60	1427.20	2140.80
3	**Hazardous Containers**						
	(i). First 7 days	Free	Free	Free			
	(ii). 8th day to 15th day	5	10	15	*223.00*	*446.00*	*669.00*
	(iii). 16th day to 30th day	10	20	30	*446.00*	*892.00*	*1338.00*
	(iv). Thereafter	20	40	60	*892.00*	*1784.00*	*2676.00*
4	**Transhipment**						
	Empty Container						
	(i). First 15 days	Free	Free	Free	Free	Free	Free
	(ii). 16th day to 30th day	8	16	24	356.80	713.60	1070.40
	(iii). Thereafter	12	24	36	535.20	1070.40	1605.60
	Laden Container						
	(i). First 30 days	Free	Free	Free	Free	Free	Free
	(ii). 31st day to 45th day	8	16	24	356.80	713.60	1070.40
	(iii). Thereafter	12	24	36	535.20	1070.40	1605.60

(xi). Replace the Schedule 6.3 Reefer charges for Containers under Chapter-VI in the existing SOR as given below :

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

Particulars	**Rate**	**Coastal (₹)**			**Foreign (US $)**		
		20'	**40'**	**Above 40'**	**20'**	**40'**	**Above 40'**
Electricity supply & monitoring charges	per 4 hours or part thereof	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.			3.82	5.71	7.62

Replace with the following

Particulars	**Rate**	**Coastal (₹)**			**Foreign (US $)**		
		20'	**40'**	**Above 40'**	**20'**	**40'**	**Above 40'**
Electricity supply & monitoring charges	per 4 hours or part thereof	166.26	249.00	332.16	3.82	5.71	7.62

(xii). Replace the Schedule 6.5 Storage charges on Containers (FCL, LCL, Loaded or Empty) at CFS under Chapter-VI in the existing SOR with the following :

As approved in SOR notified vide Order No. TAMP/58/2015-COPT dated 27 February 2016

Replace with the following

Sl. No.	Period of occupation	Rate per container per day or part thereof					
		20'	40'	Above 40'	20'	40'	Above 40'
		Foreign in US $			Coastal in ₹		
1	First 5days	Free	Free	Free	Rate for coastal vessel is upto 60% (of the rate for foreign-going vessel juxtaposed) calculated by taking into account the exchange rate fluctuation.		
2	6th to 15th day	3	6	9			
3	16th to 30th day	6	12	18			
4	Thereafter	8	16	24			

Sl. No.	Period of occupation	Rate per container per day or part thereof					
		20'	40'	Above 40'	20'	40'	Above 40'
		Foreign in US $			Coastal in ₹		
1	First 5days	Free	Free	Free	Free	Free	Free
2	6th to 15th day	3	6	9	138	276	412
3	16th to 30th day	6	12	18	276	552	828
4	Thereafter	8	16	24	368	736	1104

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

TAMP/58/2015-COPT	**:**	**Proposal received from Cochin Port Trust (COPT) for general revision of its Scale of Rates (SOR) and amendments proposed in respect of coastal category vessels.**

The summary of the comments received from the users/ user organizations and reply furnished by COPT including on the comments of Steamer Agents' Association and the Cochin Custom House Agents' Association thereon is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of the users / user organizations</th><th>Reply furnished by COPT</th></tr>
<tr><td>1.</td><td>The Fertilizers And Chemicals Travancore Limited (FACTL)</td><td></td></tr>
<tr><td>(i).</td><td>Under Chapter II , Paragraph 2.3- Berth hire charges:</td><td></td></tr>
<tr><td></td><td>SCB berth rate per GRT per hour charges are proposed to increase from 0.00389$ to 0.00485 $ at a higher level. We request to reduce/ retain from Current level proposed as done for other berths on following grounds.

(a). Ammonia imported around 2 lakh Mts in the berth is for the purpose of production of fertilisers and any increase will add on to the cost of end products which is not allowed by the GOI.

(b). More over, this is a financial burden to the Company at this juncture.</td><td>Considering the increase in maintenance dredging and other overheads, the increase proposed is very reasonable</td></tr>
<tr><td>(ii).</td><td>Under Chapter III , Paragraph 3.1 serial no. 6/9 on Cargo related charges :</td><td></td></tr>
<tr><td></td><td>
<table>
<tr><th rowspan="2">Fertiliser raw material & finished at Q10 Berth (i).</th><th colspan="2">Existing Scale or Rates</th><th colspan="2">Proposed Scale or Rates</th></tr>
<tr><th>Coastal</th><th>Foreign</th><th>Coastal</th><th>Foreign</th></tr>
<tr><td>1. Sulphur MT</td><td>37.20</td><td>62.00</td><td>41.00</td><td>68.20</td></tr>
<tr><td>2. Rock phosphate</td><td>34.20</td><td>57.00</td><td>37.70</td><td>62.70</td></tr>
<tr><td>Fertiliser raw material & finished at other berth</td><td></td><td></td><td></td><td></td></tr>
<tr><td>3. Finished fertilisers</td><td>47.90</td><td>79.80</td><td>47.90</td><td>79.80</td></tr>
<tr><td>Liquid cargo</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1.POL products - at Port berths</td><td>65.00</td><td>65.00</td><td>103</td><td>103</td></tr>
<tr><td>Liquid ammonia</td><td>71.40</td><td>119.00</td><td>85.70</td><td>142.80</td></tr>
<tr><td>2. Phosphoric acid</td><td>65.50</td><td>109.20</td><td>78.70</td><td>131.10</td></tr>
<tr><td>3. Sulphuric Acid</td><td>--</td><td>--</td><td>78.70</td><td>131.10</td></tr>
<tr><td>4.Petrochemicals</td><td>--</td><td>--</td><td>72.20</td><td>120.20</td></tr>
</table>

Dry cargo such as Sulphur, Rock and finished products the increase put at 10% and liquid cargo, it is 20% which is exorbitant. We request to</td><td>The wharfage for handling Sulphur, Rock Phophate and Finished Fertilizers at Q10 berths has not been increased since 1999. In the case of Liquid Ammonia and Phospharic Acid the last revision has happened only in 2007.</td></tr>
</table>

	maintain at the current level considering the following. (a). Q10 berth is a dedicated berth allotted to FACTL and FACTL being major stake holders importing more than 2 lakhs MTs each of the Cargo. (b). Raw materials are imported for the purpose of production of fertilisers and any increase will add on to the cost of end products and fertilisers are used by farming community of southern States ensuring food security of the nation. (c). The dedicated berth is often used by Cochin Port Trust for berthing of other vessels calling on Cochin. (d). The additional costs involved for import through Cochin port are already high.	
(iii).	**The Schedule of pilotage under Chapter II of 2.2.1:**	
	This will adversely affect the importing community using Cochin Port in general and increase the landing cost our raw materials in particular. FACTL submit to limit at the existing level.	The maintenance dredging cost of the Port is increasing every year and to absorb the same, the Port has to consider an increase in vessel related charges. However, considering the VRC at the neighbouring ports, the Port has proposed a nominal 5% increase in the VRC.
2.	**Bharat Petroleum Corporation Limited (Kochi Refineries Limited)**	
(i).	**Clause 2.1.1 – Schedule of Port Dues (on each entry):**	
	Movement of POL products from BPCL-KR is increasing on yearly basis and substantial change is expected post Integrated Refinery Expansion Project (IREP) scenario. As per the SOR, the rate has been increased by 135.70 % (from the present rate of ₹10.08 per GRT to ₹23.76 per GRT {US $ 0.396}) for port dues, which is unjustifiable. Since the volume of product handled at Port is going to be increased significantly, the existing rates are to be retailed. In view of increased availability of product post IREP, BPCL-KR is investing substantial amount for augmenting the Port facilities at NTB, STB and COT, and the viability of these investments are based on the prevailing rates.	As per TAMP working Guidelines 2015, Clause 10.1.2 the Coastal rate should not exceed 60% of the foreign going vessel rates. Hence we have not specified separate rate for coastal Vessels. It is fixed at 60% of the foreign rate. So the Coastal vessel rate varies daily as per the fluctuation of the exchange rate. It may also be noted that there was no hike in the rate in the previous SoR revision in 2013. Port Dues calculation on Coastal vessel for Tanker vessels is US$ 0.396 x Exchange rate x 60% per GRT.
(ii).	**Clause 2.1.1.Collection of Port dues:**	
	Existing procedure to be followed and any change is not acceptable	As the operational expense has increased considerably, the proposal is made for recovery of expenses. In all other Ports like Mormugao, JNPT, Mumbai Port etc. Port dues are collected on each entry.
(iii).	**Clause 2.2.1 Schedule of Pilotage fees**	
	(a). The proposal is to increase the Pilotage fees from the present rate of ₹21.49 per GRT to ₹50.61 per GRT (US $ 0.8435), which is an unreasonable increase of 135.70 % from the existing rates.	As per TAMP working Guidelines 2015, Clause 10.1.2 the Coastal rate should not exceed 60% of the foreign going vessel rates. Hence we have not specified rate for coastal

	(b). In view of the uncertainty in crude price and increased maintenance cost for the facilities provided by BPCL at Port premises, substantial increase in port dues and pilotage will have an adverse impact on profitability of the company. (c). Also, since SPM facilities are built and operated by BPCL-KR, increase in pilotage and port dues is not justifiable. (d). As most of the liquid cargo handling facilities at NTB/ STB and SPM are provided and maintained by BPCL and also considering the fact that the prime revenue provider to COPT, kindly review the SOR and retain the existing rates. Since the volume of product handled at Port is going to be increased substantially, the existing rates are to be retailed. In view of increased availability of product post IREP, BPCL-KR is investing substantial amount for augmenting the Port facilities at NTB, STB and COT, and the viability of these investments are based on the prevailing rates.	Vessels. It would be 60% of the foreign rate. So the Coastal vessel rate varies daily as per the fluctuation of the exchange rate. It may also be noted that there was no hike in the rate in the previous SoR revision in 2013. Pilotage calculation on Coastal vessel for Tanker vessels is US$ 0.8435 x Exchange rate x 60% per GRT.
(iv).	**Clause 2.2.3 – Shifting charge**	
	Increase of shifting charge by 50%. If shifting is on account of port limitations / port convenience like draft restriction, in adequate loading facility, vessel problems, shifting charge shall not apply.	If the shifting is in Port convenience, Shifting charges will not apply. Definition of Port Convenience is mentioned in Chapter II Note No.4 under clause 2.2.6. The reason for seeking the increase is that the shifting activity is similar to one movement: inward or outward of Pilotage activity. The manpower, number of tugs and launches, time, etc. required are the same as for one movement of Pilotage activity. It may also be noted that there was no hike in the rate in the previous SoR revision in 2013.
(v).	**Clause 2.2.5 – Schedule of miscellaneous Pilotage fee**	
(a).	**Detention charge:**	
	It is noted from the proposed SOR that, an increase of 214 % over existing detention charge (from ₹3746 to ₹11760), which is quite unreasonable. If the detention is on account of port issues like non-availability of drinking water (drinking water supply to vessels), non-availability of pilot, inclement weather conditions and the reasons beyond the control of BPCL-KR, such detention shall not be counted. Since the proposed increase is abnormally high, kindly review and retain the prevailing rates.	Detention is charged only if the Pilot is detained in the vessel for more than 30 minutes from the Pilot boarded in the vessel as per the scheduled time as requested by the Agent. As per TAMP working Guidelines 2015, Clause 10.1.2 the Coastal rate should not exceed 60% of the foreign going vessel rates. Hence we have not specified rate for coastal Vessels. It would be 60% of the foreign rate. So the Coastal vessel rate varies daily as per the fluctuation of the exchange rate. It may also be noted that there was no hike in the rate in the previous SoR revision in 2013. Detention charges calculation on Coastal vessel is US$ 196 x Exchange rate x 60% per hour or part thereof.
(b).	**Pilot cancellation charge:**	
	It is noted from the proposed SOR that, pilot cancellation charge has been increased from	As per TAMP working Guidelines 2015, Clause 10.1.2 the Coastal rate should not exceed 60% of the foreign going vessel rates.

	₹5619.60 to ₹17649 which is an increase of 214% over existing charge, which is quite unjustifiable. If the cancellation of pilot is on account of bad weather conditions, cancellation due to delay in drinking water supply, delay due to vessel problem, non-availability of pilot, cancellation charges shall not be counted. Also, since the proposed increase is abnormally high, BPCL-KR request TAMP to retain the same prevailing rate. Since the volume of product handled at Port is going to be increased substantially, the existing rates are to be retailed. In view of increased availability product post IREP, BPCL-KR is investing substantial amount for augmenting the Port facilities at NTB, STB and COT, and the viability of these investments are based on the prevailing rates.	Hence we have not specified rate for coastal Vessels. It would be 60% of the foreign rate. So the Coastal vessel rate varies daily as per the fluctuation of the exchange rate. Pilot Cancellation charge calculation on Coastal vessel for Tanker vessels is US$ 294 x Exchange rate x 60% per Cancellation. There is no cancellation charges recovered if the cancellation request is made before 2 hours of the schedule time and in cases of non-availability of Pilot. It may also be noted that there was no hike in the rate in the previous SoR revision in 2013.
(vi).	**Clauses 2.3.1 – Schedule of berth hire charges:**	
	Since BPCL –KR is the main port user at Kochi, an abnormal increase of 170.60 % is not justifiable. Being a public sector enterprise, kindly review the rate retain the prevailing rate.	The classification of berths is broadly based on their facilities and the services provided at the berths, which include draft, handling facilities like Marine Loading Arms, and nature of the berth area for cargo handling. As per TAMP working Guidelines 2015, Clause 10.1.2 the Coastal rate should not exceed 60% of the foreign going vessel rates. Hence we have not specified rate for coastal Vessels. It would be 60% of the foreign rate. So the Coastal vessel rate varies daily as per the fluctuation of the exchange rate. Berth hire calculation on Coastal vessels at Tanker berths is US$ 0.00558 x Exchange rate x 60% per GRT per Hour or part thereof. During the previous SOR Revision in 2013, the Port has removed the slabs based on GRT and implemented a single rate for each berth. In that process, the berth hire for tanker berths was reduced by 25%.
(vii).	**Chapter III Cargo Related Charges: Clause 3.1: Crude oil discharging at SPM.**	
	The wharfage payable to COPT for un-loading of crude oil from SPM to refinery through STF is at the rate of ₹25/- per metric ton of crude oil based on the actual receipt quantity at refinery tanks. As per the Clause 10.0 of MOU signed between COPT and BPCL-KR, COPT shall consider a downward revision in the rate of ₹25/- metric ton upon the annual throughput through SPM exceeding 9.0 MMT. Since the throughput through SPM has crossed 9.0 MMT and continues to remain so, it is requested that COPT may review the existing wharfage and reduce the rate considering the MoU between COPT and BPCL-KR. The SPM throughput is again to go up to 17 MMTPA once the present expansion project (IREP) is completed and commissioned.	Vide Notification No. TAMP/41/2013-COPT dated 03.12.2013, TAMP has approved a Special Dredging Levy (SDL) of ₹38/- per tonne for POL products and Crude Oil handled at Port berths, viz.COT, NTB and STB. It may please be noted that the Port has asked for an SDL of ₹45.91, ₹52.60 and ₹84.78 for the years 2012-13, 2013-14 and 2014-15 respectively. Hence, the Port could not absorb the maintenance dredging cost in full even after adjusting the wharfage from SPM. In order to cover the deficit in the maintenance dredging cost, the Port has decided to increase the vessel related charges (tanker berths) nominally by 5%, without increasing the wharfage for Crude and POL.

		The maintenance dredging cost is the major overhead of Cochin Port and the cost is increasing year by year. Hence an increase in the wharfage and VRC is inevitable for the survival of the Port. However, in order to minimize the burden due to an increase in the rates, the Port has considered the revenue from SPM also while proposing the rates for Wharfage and Vessel related charges for tanker berths. BPCL may kindly notice that the Port has not proposed any increase in the existing wharfage rate of ₹103/- (₹65+₹38). The Port has considered Clause 10.0 of MOU signed between COPT and BPCL-KR for SPM facility. Instead of reducing the rate of ₹25 once throughput exceeds 9.0 MMT at SPM, the Port has maintained the same rate and adjusted the same against the deficit in the tanker berths at COPT. If BPCL insists that the wharfage rate has to be reduced at SPM, then the Port has to consider an increase in the rate for Crude / POL handled at COPT berth from the existing rate of ₹103/- to ₹125/-.
(viii).	**Chapter VIII Estate Rentals:** **Clause 8.1 Lease of port land at Puthuvypeen**	
	COPT has increased the Lease rent from ₹2.5 lakhs per annum to ₹19,76,988/- which is an exorbitant increase of 691 %, which is quite unreasonable. A Memorandum of Understanding (MoU) was signed between COPT and BPCL-KR on 11.06.2003 regarding lease of land for setting up Crude Oil Receipt Facilities (CORF) at Puthuvypeen. Relevant clause 7.0 stipulated in the MoU for lease rent is as follows: *“Transferring of the crude oil from the SBM to refinery require intermediatory tanks to be located at the shore near the LFP. CPT shall provide the presently required land based on the detailed engineering of the facilities/layout of the STF subject to a maximum of land admeasuring 89 hectares in, as is where is condition, near the Vypeen Light House. This land will be transferred to KRL on an initial annual lease for a period of 30 years.* ***The lease charges shall be at an all-inclusive fixed rate of ₹2.5 Lakhs per hectare per annum for the entire said lease period of 30 years.*** *This lease period of 30 years shall be renewable for such further period at the option of KRL on such terms as may be mutually agreed between KRL and CPT. The land lease charges become payable only from the date of handing over of the land. Additional land to the extent of 20 hectares adjacent to the initially allotted land, as may be required by KRL during the enhancement of the refinery capacity etc. shall also be provided in future, at mutually agreed rates. The*	The revision of Estate Rentals has not been proposed in the current proposal. The last revision in the Estate Rentals has happened in July 2010 and the rate is valid for 5 years. The next revision is due and the Port is in the process of submission of proposal to TAMP. Hence, request will be considered while submission of proposal for revision of lease rentals.

	development and other protection measures for the land shall be on KRL's (lessee) account." As the background of leasing the property to KRL is as stated above, essentially there should not be any change in the lease rent for a period of 30 years, since the MoU does not contemplate a revision of the lease rent or demand of any other charges by CPT at any point of time. This is further indicated in Clause 17.0 of the MoU which reads as follows: *"All charges and levies for the services/facilities/assistance discussed and agreed in this MoU are final and no other charges will be levied and charged for these by CPT for the implementation and operation of the SBM and connected facilities, without mutual discussion and consensus."* COPT is agreeable to the MoU clause regarding wharfage against crude unloading at SPM (page 12 cargo related charge) and lease rent clause also form part of this MoU. Also it is to be noted that financial viability of the CORF project has been worked out based on this agreed lease rent for the Puthuvypeen area. In view of the MoU signed between COPT and BPCL-KR, it is requested to consider the above clause in the proposal and COPT to honour the MoU between BPCL-KR and COPT.	
3.	**Petronet LNG Limited**	
(i).	Port Dues -	
	PLL has asked for suitable reduction in the existing port dues of US$ 0.377 as PLL are already paying maintenance dredging charges for the complete basin & share of outer channel to COPT. In general, channel maintenance dredging charges are included in the Port dues & PLL is being charged twice for the share of channel maintenance dredging. Hence, the proposed rate of US$ 0.396 will put additional burden on PLL which is not acceptable.	In the case of PLL, as per Clause 9.2 and 9.3 of the Agreement with COPT, Port dues and Dredging charges for the use of common user channel has to be paid to the Port. However, considering that the PLL is sharing the cost of maintenance dredging of the channel, it is proposed to revise the Port Dues for LNG Vessels at PLL berth to $0.226 which is 60% of the prevailing rate of $0.377. Therefore, the rate of $0.226 may be considered as the applicable Port Dues for LNG vessels instead of the rate of $0.396 proposed in the SoR. There is no case of double charging for LNG ships since the Port is maintaining the required depth in the channel for the LNG ships irrespective of the traffic, and the charges proposed are towards meeting the said cost.
(ii).	Pilotage Fees -	
	PLL is maintaining complete port operation services for LNG Jetty including tugs, pilot cum mooring boat, mooring gang and berth managers. PLL had requested to pay the actual applicable rates for pilots as only the services of pilot is being utilized. However, COPT has not agreed to same & given a separate rate ($0.2555) for LNG vessels, which is not mentioned in the proposed SOR. Hence the existing rate of $ 0.2555, needs to be clearly mentioned in the new SOR.	Considering that PLL is deploying their own tugs for maneuvering ships, the prevailing concessional rate of Pilotage of $0.2555 is proposed as revised rates in place of $ 0.4259 proposed earlier in the SoR.

(iii).	Further, it may be noted that LNG vessels are having high GRT in the range of 100,000+ & even an empty vessel coming for other services like gassing up & cool down has to pay very high port dues as compared to other ports and due to this vessels are diverting to other ports at the last minute very frequently.	Comments not furnished by COPT
(iv).	In view of above, PLL request to review and maintain separate Port dues & Pilotage rate for LNG vessels to have more volumes in near future.	
4.	**Steamer Agent's Association**	
	(a). The Vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other foreign vessels. As per earlier Govt. Guidelines VRC for Coastal should get 40% discount (in other words 60% of foreign charges). So according to my understanding if and when COPT new rates get approved, they will discount same by 40% and publish new coastal rates.	As per TAMP working Guidelines 2015, Clause 10.1.2 the Coastal rate should not exceed 60% of the foreign going vessel rates. Hence, we have not specified separate rate for coastal Vessels. It is fixed at 60% of the foreign rate. So the Coastal vessel rate varies daily as per the fluctuation of the exchange rate
5.	**The Cochin Custom House Agents' Association:**	
	During the last proposal for general revision of the then existing Scale of Rates, Port had proposed that even though an increase was required, Port was not proposing for an increase taking into consideration the then scenario. The same scenario is still continuing. If there is any increase in the existing Scale of Rates, it will adversely effect the EXIM Trade and Cochin Port. Hence our suggestion is that there is no need for any increase in the Scale of Rates as of now.	The maintenance dredging cost and other overheads of the Port is increasing every year. At the same time, the Port has to maintain the rates competitive with the other neighboring Ports. Considering all these factors the Port has proposed only a nominal increase in the Cargo related and Vessel related charges of the Port.
6.	**Parisons Infrastructures Pvt Ltd**	
	Parisons Infrastructure is having edible tanks with a capacity of 30000 MT and petroleum tanks with 16500 MT at COPT. Prior to 2008, before the ban on import of palm oil through Kerala ports we were importing almost one lakh tonnes per year. After the restrictions were imposed on import on palm oil and its fractions our imports are diverted to other ports. We are hopeful that the ban on import of palm oil though Kerala ports will be lifted in the near future. The rates now prevailing in COPT are much higher than the rates in the neighboring ports. In such conditions the importer will rely on the neighboring ports which will further reduce the revenue of the port. In the above circumstances, it is requested that the Hon'ble authority may be pleased to refrain from implementing the proposed SOR at exorbitant rates and to reduce the rates considerably.	Parrisons Infrastructure Pvt. Ltd. has requested for a reduction in the proposed wharfage rate for Edible Oils. The existing rate of Wharfage for Edible oils is Rs.54.60 and Rs.91.00 for Coastal cargo and Foreign cargo respectively. The Port proposed an increase of 10%-20% in general for all the commodities except for Crude and POL products. Determination of Tariff for Major Port Trusts, 2015 has clearly stated that "the rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The ports may, if they so desire, charge lower rates and/ or allow higher rebates and discounts." Hence, the party can approach the Port for a reduction in the wharfage for edible oil and the Port will consider the same depending on the merits of the case.

2. The comments furnished by Cochin Steamers Agents Association are given below. The COPT has responded to the comments of the Association while furnishing additional information/ clarification.

<table>
<tr><td></td><td>Cochin Steamer Agents Association (CSAA)</td></tr>
<tr><td>(i).</td><td>Port Dues:</td></tr>
<tr><td></td><td>The point to note in this tariff item is, at Mangalore and Tuticorin port there is only single slab for this tariff whereas Cochin Port has a differential tariffs for container Vessels, Break Bulk Vessels and POL vessels and the rates are almost 100% to 163% higher when compared with Mangalore port and 42% to 87% higher when compared with that of Tuticorin Port.</td></tr>
<tr><td>(ii).</td><td>Pilotage Charges: With regard to Pilotage charges, below is comparison for ready reference,
<table>
<tr><th>Port Name.</th><th></th><th>Highest Tariff</th></tr>
<tr><td>Tuticorin Port</td><td>$0, 27280/ Grt</td><td>$0.32320/ Grt</td></tr>
<tr><td>Mangalore Port</td><td>$0. 3200/ Grt</td><td>$0. 5760/ Grt</td></tr>
<tr><td>Cochin Port</td><td>$0.7790/ Grt</td><td>$1.4459/ Grt (vessels of 30001 – 60000 Grt)</td></tr>
</table>
The above comparison itself is the clear indication as to why ship operators claim that Cochin Port is a very high cost port for vessel deployment and it may be noted that in-spite of Cochin Port Management offering rebates in the above tariff, vessel operators are still reluctant to deploy vessels on a regular basis</td></tr>
<tr><td>(iii).</td><td>Berth Hire Charges:</td></tr>
<tr><td></td><td>Compared to Tuticorin Port, Cochin Port tariff are high where as Mangalore port is still higher than Tuticorin and Cochin ports. Given below is a table as ready reference:
<table>
<tr><th>Port Name</th><th>LowestTariff</th><th>HighestTariff</th></tr>
<tr><td>TuticorinPort</td><td>$0.00190/Grt/Hr</td><td>SO.00460/GrtlHr</td></tr>
<tr><td>MangalorePort</td><td>$0.1700/GrtlHr</td><td>$0.2500/Grt IHr</td></tr>
<tr><td>CochinPort</td><td>$0.004850/Grt/Hr</td><td>$0005490/Grt/Hr</td></tr>
</table>
It can be noted that when compared to Mangalore Port, Cochin Port is very competitive and have a slighter edge to attract more Traffic.
On the basis of above tabled facts, CSAA’s members are of the view that Cochin Port Management may consider to offer competitive Tariffs in Port Dues and Pilotage charges. Vessel operators can consider Cochin Port for cargo discharge for distribution in South India for mainly Fertilizers / Coal/Cashews etc.</td></tr>
<tr><td>(iv).</td><td>Fresh Water Supply:</td></tr>
<tr><td></td><td>Cochin Port may consider not to establish any book rate for this particular service since Cochin port depends on Public Water supply department to cater for this service and the rate offered by Public Water supply department to Cochin Port is way too high when compared with that of Private Fresh Water suppliers.

Hence, if this service is left to Private supplier's and Cochin Port decides to be only a Quality controlling agency and collect a nominal charge per Liter, automatically market forces will help to bring down the cost of freshwater supply and at the same time market will ensure that there will be fresh water supply round the clock at a much lower rate. That is Port should consider privatization of fresh water supply and just move away from offering this service in total</td></tr>
<tr><td>(v).</td><td>Container Related Charges - Under Chapter V:</td></tr>
<tr><td></td><td>(a). As per existing MOU the Port has with ICTT operator M/s IGTPL, there is only a very remote chance for any Container operations within Cochin Port (Vessel related operations) and as stated by Cochin Port any such container operations is now centered only around CFS for which Cochin Port has already indicated to have Tariffs under a separate Chapter (Chapter V1). In such a scenario, CSAA are unable to understand the Cochin Port's rational for retaining such book rates.

(b). Now reviewing the Cochin Ports request to increase the various container related Tariff for CFS operations, CSAA are of the opinion that any rate increase by Cochin Port will only result in rate increase by Private CFS Operators in and around ICTT and thereby contribute for a general rate increase within the system.

(c). As such, it CSAA’s earnest request that Cochin Port should actually decide not to go for any increase but try 10 capitalize on the current lower rate al Port CFS by marketing to attract more cargo to Port CPS. CSAA fees the market will respond without any reservation and with Increase in volume, Port will be able break even their CFS operations. As such any tariff increase in Port CFS operation should be considered as a last resort</td></tr>
</table>

	(d). As a last point, it is CSAA's understanding that Cochin Port has recommended to your office to reduce the free time offered for import loaded container landed at ICTT from existing 7 days excluding Sundays and holidays to just 3 days from the date of discharge. (e). On this matter, it is CSAA's request that TAMP may not approve for such as amendment since, at this point the only attraction for containerized cargo importers to use ICTT is the free time they enjoy even though the container handling charge are very high. The moment the free time is reduce or bench marked with that offered at Chennai or Tuticorin, please be assured that at least 50% of the current import volume via ICTT will be diverted either to Chennai or Tuticorin. (f). The outcome of such an exodus will be that the containers operators will have to reposition empty containers to meet export requirement which will result in Line charging hire ocean freight for export cargo through ICTT. (g). Hence, any move towards reduction of free time offered at ICTT for import laden containers need be viewed as a double edge sword as far as the Cochin Exim Trade is concerned. (h). Overall, CSAA's submission is that the only way for Cochin Port to overcome the current situation is to attract more traffic through Cochin Port and hence any increase in the current Tariff will only be detrimental for attracting more Traffic through Cochin Port.
(vi).	It may also be noted that since 2011 February, Coastal container movement is the only cargo that has indicated any volume increase through Cochin port/ ICTT and if the Costal operators also decided to divert cargo from ICTT, needless to say that there will be further reduction is Traffic and thereby increase in the deficit in Cochin Port's earning.

3. A joint hearing in this case was held on 27 October 2015 at the COPT premises. The COPT made a brief Power Point presentation of its proposal. At the joint hearing, the COPT and the concerned users/ user organizations have made the following submissions:

Cochin Port Trust

(i). The validity of the existing Scale of Rates of the COPT expired on 31 March 2015. The COPT had filed its proposal for revision of SOR vide its letter dated 3 November 2014 under Tariff Guidelines 2004.

(ii). The new "Policy for determination of Tariff for Major Port Trusts, 2015" has come into effect from 13 January 2015. The TAMP advised to file a revised proposal in accordance with the new Tariff policy of 2015 and Working Guidelines to Tariff Policy 2015. Accordingly, the COPT has filed its proposal vide its letter dated 27 July 2015 which was ratified by the Board vide Resolution No.81 dated 22 August 2015

(iii). We have not proposed separate tariff for Coastal Vessels in view of the directions of MOS that the rates for coastal vessels should take into account the exchange rate fluctuation of the Indian Rupee Vs US $ so that the vessel related charges for coastal vessels should not exceed 60% of the corresponding charges for other vessels. We will include a note with respect to tariff applicable for Coastal vessels i.e., 60% of tariff applicable for foreign vessels.

(iv). As per the Tariff Policy 2015, the ports are given the flexibility to react to the market forces and also to encourage Major Port Trusts for better performance within the ambit of Major Port Trust Act, 1963.

(v). The Annual Revenue Requirement (ARR) is ₹384.14 crores (average of 2011-12, 2012-13 & 2013). The average income during the corresponding period is ₹190.95 crores and ₹218.90 crores for the years 2014-15. The deficit is mainly due to the following factors:

a) Increase in the maintenance dredging Cost by ₹70.00 crores
b) Less than 30% capacity utilisation by ICTT since its commissioning i.e., February 2011
c) Operational Issues of Petronet LNG Ltd., leading to capacity underutilisation i.e., less than 3%.

(vi). We have proposed an increase of 5% in Port Dues & Pilotage.

(vii). We have reclassified the berths based on the facilities / services provided in these berths and proposed a marginal increase.

(viii). We have proposed separate charges for Pilotage services for other than port berths.

(ix). We have proposed to increase the wharfage charges by 10% to 20% except Crude / POL products.

(x). We have proposed to merge special dredging levy with Wharfage charge on POL products & Crude oil and made applicable at all Port berths at ₹103 per MT.

(xi). We have proposed to increase the container related charges by 25%. These rates are much below the rates at ICTT and are comparable to private CFSs.

(xii). We have also proposed to increase in various other miscellaneous charges viz., Shifting, Detention, Cancellation charges, Supply of fresh water, charges for Bunks, Hoardings etc.

(xiii). We have accepted to discuss the reduction in the tariff of Port Dues applicable for LNG vessels and accepted to continue the prevailing concessional rate of Pilotage of $0.2555 for the vessels handling at Petronet LNG Ltd. and request the TAMP to make a note of it.

Cochin Steamer Agents Association

(i). The tariff at COPT is very high in comparison with NMPT, MOPT and JNPT. In support of the same copies of bills/invoices raised for Vessel related Charges by NMPT, MOPT, JNPT and COPT are submitted herewith.

(ii). We know that it was a Ministry's direction that collection of coastal tariff at 60% of foreign denominated value. The proposed rates will have a big impact as we had a rupee rate for coastal vessels. The increase is coming to 100% higher than the tariff at NMPT and 87% higher than the tariff at Tuticorin Port.

(iii). The tariff proposed by the COPT is highest among the other neighboring ports like Navasheva Terminal.

(iv). The COPT should continue to levy the same tariff without increasing any tariff.

IGTPL:

(i). The tariff at Cochin Port Trust is very high. To mitigate the same, the COPT has extended 85% reduction in tariff. Now the proposal for increase in the Vessel related charges by 5%, would maintain the existing arrangement of 85% concession.

(ii). The rates are very high in comparison of tariffs with Colombo and other ports.

(iii). The port should not increase any tariff and continue the existing tariff.

Petronet LNG Limited

(i). Submits a written submission.

(ii). COPT may consider suitable reduction in Port Dues as we are already paying maintenance dredging charges for the complete basin and share in outer channel maintenance dredging charges.

(iii). We are happy as the COPT has accepted to discuss reduction in the tariff of port dues.

(iv). COPT may continue the existing tariff at $0.25555 as we are maintaining complete port operation services at LNG jetty including tugs, pilot cum mooring boat, mooring gang and berth mangers.

(v). The LNG vessels have to pay high port dues and pilotage charges as these vessels have high GRT in the range of 100000 plus GRT. Even an empty vessel coming for other services like gassing up & cool down. Currently the vessels are going to Singapore for gassing up & cool down service. We are planning to provide this service even at LNG berth and there was no specific tariff was prescribed for this service. We are requesting to fix tariff for this service.

(vi). We want moderation in Port Dues for this service.

(vii). In view of the above, the port should consider a concessional tariff for LNG vessels.

Cochin Custom House Agents Association:

(i). Proposal for increase in tariff by considering the actual revenue earned by the Port and Annual revenue requirement may lead to difficulty in getting the cargo to port. The port should not increase any tariff and continue the existing tariff.

Jairama Sons representing Shipping Corporation of India

We have no comments

The Fertilisers and Chemicals Travancore Limited

The increase proposed by the port is exorbitant. It will add on to the cost of end products and fertilisers. We request the port to retain the rates at the current level.

Parison Infrastructure Pvt. Limited

The Port has proposed an increase in wharfage & demurrage charges which may lead to increase in the cost. New trade will not come to this port and existing trade will go away from this port.

Paul ABRAO Agencies Pvt. Limited representing Cochin Custom House Agents Association:

The rates are already very high. The port should reduce its tariff to attract cargo.

4. A summary of the written submissions made by Petronet LNG Ltd. (PLL) at the joint hearing and comments furnished by COPT thereon is tabulated below:

Sl. No.	Written submissions made by PLL	Reply furnished by COPT
(i).	Port dues and pilotage includes proportionate share maintenance dredging amount incurred by COPT. However, CPT is recovering cost of LNG basin at actual + 10% departmental charges from PLL. Apart from this, PLL is bound to pay Outer channel maintenance charges on proportionate basis to CPT. PLL is also deploying a Cutter section Dredger with approximate cost ₹ 10 Crore/year, because COPT is unable to maintain the desire depth close to LNG berth. Hence, it is requested to reduce port Dues suitably so that dredging cost is charges only once to PLL.	Reduction in the Port dues - The Port has already clarified in Clause 6 that Port dues presently being collected from PLL is the rate applicable to tanker vessels at SPM. Port dues is the entry fee to Port area and the cost element for port dues are port conservancy, harbour patrol, safety and security, sea fire fighting, marine survey, vessel traffic control, navigational aides etc. The same facilities are extended to vessel calling at LNG terminal too. The risk involved for vessel operations, monitoring, control etc. are huge when compared with other vessels. Moreover, maintenance dredging is not required at SPM. Hence the Port proposes the same rate for tanker vessels calling at SPM to LNG Vessels.
(ii).	Currently, Outer Channel maintenance dredging share is billed to PLL as per below formula by COPT: $\frac{\text{Total cargo in MT by PLL}}{\text{Total traffic in MT of the previous FY at port except SPM cargoes}}$ X Outer Channel Dredging Cost PLL has questioned the basis of this formula and requested to have a fair formula fixed by TAMP in previous meetings with COPT. COPT is charging Port dues and pilotage to M/s BPCL SPM cargoes; hence it is recovering some of the outer channel dredging cost from M/s BPCL. Therefore, SPM cargoes should be included in the denominator of the formula. So, in this case, it is requested to revise formula suitably to give fair charges of outer channel dredging share.	Formula for sharing dredging cost of common user Outer Channel – As per Clause 9.3 of the Concession Agreement with PLL , (a). The Concessionaire shall, for the use of common user outer channel by the LNG vessels, pay to the Concessioning Authority during the term of this Concession Agreement, “Dredging Charges” as may be decided by TAMP or any such other competent authority under the provisions of MPT Act as applicable from time to time as a percentage of the cost incurred by the Concessioning Authority for the annual maintenance dredging of the common user outer channel for 280 m width and depth of 14.5 m. The payment shall be made in advance on Quarterly basis with reference to the schedule of payment in the contract entered into by the

		Concessioning Authority for annual maintenance dredging contract. The payment shall be deposited within 7 (seven) Business Days of issuing demand notice by the Concessioning Authority. (b). Dredging Charges amounts remaining unpaid on respective due dates shall carry interest @ SBI PLR plus 2% (two percent) per annum, from the due date till the date of payment or realisation thereof. The Port decided to consider the request of PLL to include the cargo handled at SPM in the total cargo throughput of the Port while arriving at the proportionate share of PLL for maintenance dredging cost of outer channel. Hence, the following formula for sharing of maintenance dredging cost for outer channel is proposed in Chapter II Schedule 2.7 in the SOR as separate item. $\frac{\text{LNG Cargo (MMT)}}{\text{Total Cargo throughput (MMT)}} \text{ X } \begin{array}{c}\text{Maintenance dredging} \\ \text{cost for outer channel}\end{array}$
(iii).	Pilotage charges include cost of dredging (as explained in point 1), Tugs deployment, Crew deployment cost, Jetty supervision cost, boat charges and pilot cost etc. PLL is maintaining its own Tugs, Mooring Crew, pilot Boat and jetty and only takes pilot services from COPT. PLL is incurring huge cost maintaining these facilities. Pilotage rates proposed by COPT should be suitably reduced to take these factors into account.	The Port has been charging Pilotage @ 0.2555 US$ being 60% of the rate applicable for SPM (0.4259US$) considering the fact that PLL is using their own tugs and sharing of maintenance dredging cost for common user outer channel is paid separately. However, the C&AG audit has made an observation on the same and stated that LNG Terminal and SPM are located at different locations involving different cost of operation and hence application of the rate for SPM to LNG Operations has to be reviewed. Since the LNG terminal is situated in the inner channel which is 19.5 kms away from the SPM , and all LNG vessels are tankers, it is felt that a specific rate for Pilotage applicable for tankers is more appropriate. Considering the fact that LNG tankers have significantly higher GT than POL tankers for the same parcel, and since PLL is using their own tugs and sharing maintenance dredging cost for common user outer channel the Port propose a specific rate of 0.275 US$ per GT as against 0.2555 US$ currently being charged. The rate is 40% of the rate applicable for a POL tanker of 1,00,000 GT at 0.6893 US$ per GT proposed. There is only an increase of 7.6% on the existing rate. The same has been shown in the Schedule 2.2.1.
(iv).	PLL has developed new line of service business and are offering Gassing up & Cool down (GUCD) services to LNG vessels. This will attract more business and give a boost to traffic at Cochin Port. These vessels are usually having high GRT of 1,00,000 and above. It is requested	The Port has not considered the request of PLL for specific rates for new line of service business in proposed SOR. The request for concessions will be considered separately since the rates already proposed are the ceiling rates and as per Clause 8.1 of the Policy for Determination of Tariff for Major

	to include this category into concessional rate for port Dues.	Port Trusts, 2015, the Port has the freedom to charge lower rates and/ or allow higher rebates and discounts.

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