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Tariff Authority for Major Ports

G No. 190 **New Delhi, 7th September, 2012**

NOTIFICATION

In exercise of the powers conferred by Sections 48 and 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Cochin Port Trust for fixation of security charges on Defence vessels, Submarines and International Cruise vessels as in the Order appended hereto.

(T. S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/30/2010-COPT

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

O R D E R
(Passed on this 8th day of August 2012)

This case relates to a proposal dated 18 June 2010 received from the Cochin Port Trust (COPT) for fixation of security charges on Defence vessels, Submarines and International Cruise vessels.

2.1. The COPT had earlier vide its letter dated 27 January 2010 sought approval of this Authority for levy of ship security charges at ₹1,00,000 per vessel per day for defence vessels, submarines and international cruise vessels. The submissions made by COPT then are given below:

(i). A number of foreign defence vessels, Indian Navy vessels, submarines and cruise liners are visiting COPT. In the current scenario of threats being faced by the country, the agents of these vessels request the Port to provide extra security to such vessels by deploying of additional security personnel and other related infrastructure.

(ii). Providing extra security to these vessels involve deployment of additional security personnel, use of boats for marine patrolling and investment in X-ray machinery, metal detectors, security gadgets and additional security lighting. It is difficult to reckon all the costs for providing security for these vessels.

(iii). In this backdrop, it is proposed to levy a lump sum 'Ship Security Charges' at ₹1,00,000/- per day per vessel for all Indian/ Foreign defence vessels, submarines and International Cruise vessels except cruise vessels using Cochin as homeport, in order to cover the expenditure incurred due to deployment of additional CISF personnel for providing on-shore security and round the clock water-side deployment and procurement of additional infrastructure like metal frame detectors, hand held metal detectors, etc.

2.2. Subsequently, the COPT vide letter dated 6 March 2010 had forwarded a copy of its Circular dated 24 February 2010 issued to the Trade about levying of the proposed charge on adhoc basis with effect from 24 February 2010.

2.3. The rate proposed by COPT was not supported by any cost calculation. Further, it was not clear that the proposed levy was to recover the expenses which were not considered in the estimates furnished in the general revision proposal of the port. Therefore, the COPT was requested, vide our letter dated 24 March 2010, to furnish the requisite information. The COPT vide its letter dated 30 April 2010 responded. The information sought by us and the response of COPT thereon are tabulated below:

Sl. No.	Information sought by us	Reply of COPT
(i).	The proposal filed by the port vide its letter dated 27 January 2010 is not supported with any cost analysis of expenses, investment, etc., to justify the rate proposed.	(The COPT has not furnished any cost analysis of expenses, investment, etc., to justify the proposed rate.)
(ii).	It is relevant to state that tariff item by nomenclature 'security charges' is not prescribed in the Scale of Rates of any other Major Port Trusts/ Private Terminals. The expenses relating to security arrangement are factored as part	The expenses on account of Port Security (CISF Expenditure) under the management and general administration head considered in the cost working of the general tariff revision proposal is as follows:

<table>
<tr>
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<td>of the general expenses of the port and allocated to various activities and recovered there from in the tariff fixation exercise undertaken by the Authority. Even in the case of COPT, it is observed that the cost statements filed for general revision of its Scale of Rates include security expenses (including the expenses for deployment of CISF). Part of the expense is accounted under the management and general overheads which are allocated to various activities and expense on harbour patrol is included under port and dock service. The proposal filed by the port does not show whether the levy now proposed to be recovered is in addition to the expenses estimated in its general tariff revision proposal. In the light of the above points, the COPT to explain the special circumstances warranting prescribing a separate tariff item for recovery of 'security expenses'.</td>
<td>
<table>
<tr><th>Year</th><th>Estimated Amount
(₹ in Crores)</th></tr>
<tr><td>2009-10</td><td>10.37</td></tr>
<tr><td>2010-11</td><td>10.89*</td></tr>
<tr><td>2011-12</td><td>11.43*</td></tr>
</table>

* The amount estimated for the years 2010-11 and 2011-12 is based on 5% hike on the amount estimated for the year 2009-10.

However, the actual expenditure incurred for the year 2009-10 is ₹14.50 crores (provisional) and the projected cost for the year 2010-11 is ₹15.62 crores. The increase is on account of hike in pay scale of CISF personnel, consequent to the implementation of VIth Pay Commission Report for Central Government Employees.

A number of foreign defense vessels, Indian Navy vessels, submarines, cruise liners visit COPT every year. In the current scenario of threats faced by strategic locations like major ports, deployment of additional security personnel and other related infrastructure, at the request of the Agents, have become necessary for providing extra security to such vessels during their visit to Port.

Cost of deployment of additional security personnel and use of boats for marine patrolling cannot be assessed and calculated accurately because it varies widely on case to case basis depending on the size of the vessels, no. of CISF personnel deployed, no. of boats used, hours of stay at berth etc. The cost of deployment of CISF personnel (incl. pension contribution) for the 5 vessels that visited Port during November 2009 varied from ₹23000/- to ₹47000/-.

Moreover, it is difficult to reckon all costs for providing security. It would be necessary for the port to invest in X-ray machinery, metal detectors, other security gadgets and additional security lighting.

Some of the vessel agents are specifically asking for deployment of additional security personnel for these vessels and are also requesting the port to get approval of TAMP on such charges to be levied by the port.
</td>
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<td>(iii).</td>
<td>The COPT to file a comprehensive proposal with cost calculation to justify the rate proposed and while doing so take into consideration the points observed at para (ii) above. Additional income likely to accrue from the new tariff item proposed may also be indicated for the next three</td>
<td>Cost of deployment of additional security personnel and use of boats for marine patrolling cannot be assessed and calculated accurately because it varies widely on case to case basis. Hence, it is not possible for the time being to submit a comprehensive proposal. Once the procedure stabilizes, it will be possible to submit</td>
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</table>

	years.	a comprehensive proposal taking into account all the revenue/ cost related to the operations.
(iv).	As per the clause 2.17.1. to 2.17.3. of tariff guidelines of 2005, whenever a specific tariff for services / cargo is not available in the notified Scale of Rates, the Port can submit the proposal and simultaneously levy the rate on an adhoc basis till the rate is finally notified subject to the condition that the adhoc rate must be derived based on the existing notified tariffs for comparable services/ cargo and it must be mutually agreed upon by the port and the concerned users.	A detailed round of discussion was held with port users on 22.02.2010 to discuss the 'levy of Security charges for Indian/ Foreign defense and cruise vessels and submarines' visiting COPT. In the meeting, port had specifically stated that the charges are being collected on an adhoc basis pending approval from TAMP and had requested the users to inform the shipping lines about the charges being levied.
(v).	In the instant case, the proposed 'Security Charges' is a new tariff item. It is neither based on the existing notified tariff nor is anything produced to show that users have given consent to the rate proposed. The levy of 'security charges' by COPT on adhoc basis without approval of the TAMP is not in line with clause 2.17.1 to 2.17.3 of the tariff guidelines. It appears to be appropriate to determine the need and reasonableness of the proposed charge in a regular tariff proceeding. Adhoc levy of such charges can only be at the risk and attendant consequences to the COPT.	

2.4. The reply furnished by COPT vide its letter dated 30 April 2010 did not address the points raised by us earlier. It had not furnished any analysis of expenses to justify the rate proposed. No document was furnished to show that the users have given their consent to recover the security charges on ad hoc basis as proposed by COPT. The port had also not confirmed that the expenses proposed to be covered by the levy are not included in the estimates considered in the general tariff revision proposal. Bringing out this position, the proposal of the COPT was returned vide our letter no. TAMP/84/2002-Misc dated 14 May 2010.

3.1. In this backdrop, the COPT vide its letter dated 18 June 2010 has submitted the proposal. The main points made by the COPT in its proposal are summarized below:

(i). The following is the breakup of the incremental cost incurred for providing security services to the Foreign Navy/ International Passenger cruise vessels for the period from August 2009 to June 2010, justifying the proposed levy of ₹1 lakh per day per vessel:

	(₹ per vessel per day)
Employee cost -	65,048
Fuel cost -	36,120
Total	**1,01,168**

(ii). The cost details furnished by the port are given in the table below:

CISF Personnel	Monthly salary	Daily salary	Supervision charges	Total daily salary	No. of personnel	Total
A. Employee cost						
Asst. Commissioner	51714	1724	163	1887	1	1887
Inspector	49053	1635	155	1790	2	3580
Sub Inspector	47032	1568	148	1716	8	13730
Head Constable	28419	947	90	1037	1	1037
Constable	27912	930	88	1019	44	44814

Total (A)						65048
B. Fuel cost						
for marine patrolling	(35 ltrs. per hr. x 24 hrs. x ₹ 43 per ltr.)					36120
Total (A + B)						**101168**

(iii). The incremental expenditure for providing additional CISF Personnel deployment and the cost of fuel consumed by the boats for marine patrolling to these vessels were not envisaged in the cost estimate for the year 2010-11 and 2011-12 in the revised cost statement submitted to TAMP on 28 October 2009 for general tariff revision.

(iv). Further, the anticipated overall CISF cost for the year 2010-11 and 2011-12 is considerably high due to implementation of VIth Pay commission report than the cost which has been shown in the cost statement of the general tariff revision proposal.

(v). It is reiterated that a detailed discussion was held with the Port users on 22 February 2010 for the proposed levy of ship security charges on an ad-hoc basis for Indian/ Foreign defence and cruise vessels calling at COPT. In the meeting, Port requested the users to inform this proposal to their Principal Liners and the record note of the discussions has already been communicated to TAMP along with the COPT's detailed reply dated 30 April 2010. There was no written consent made available between users and the Port. (The record note of discussions also does not show that the users have given their consent to the proposed levy of COPT).

3.2. In view of the above, the COPT has requested to consider its proposal for levy of security charges.

4. In accordance with the consultative procedure prescribed, the COPT proposal dated 18 June 2010 was forwarded to the concerned users / user organisations (as per the list provided by the COPT) seeking their comments. The comments received from users / user organisations were forwarded to COPT as feedback information. The COPT has also furnished its comments on the comments of users / user organizations vide its letters dated 12 October 2010, 6 November 2010 & 28 January 2011.

5. A joint hearing in this case was held on 28 March 2012 at the Cochin Port Trust (COPT) premises. The COPT made a brief power point presentation of its proposal. At the joint hearing, COPT and the Cochin Steamer Agents Association have made their submissions.

6.1. At the joint hearing, the COPT was advised to furnish a note elaborating the justification for the need to provide additional security to the categories of vessels under consideration, highlighting relevant provisions of ISPS and Government instructions, if any, on the subject. The port was also advised to furnish an analysis showing that the cost incurred in providing the additional security are incremental in nature pertaining only to the additional security arrangements to be made in respect of categories of vessels under consideration.

6.2. In this regard, the COPT vide its letter dated 10 April 2012 has responded. The points made by COPT in its letter dated 10 April 2012 are summarised below:

(i). The Port, in normal case, is expected to operate at Security Level I. COPT has been operating at Security Level II since November 2008 as per specific instructions from Government of India. Port is, therefore, required to heighten its security measures compatible to the Security Level II which involves:-

(a). Providing 24 X 7 armed boat patrol when a foreign naval ship is at berth.
(b). Additional deployment of CISF personnel at the fore and aft of the vessel on the land side, at the access control and activate the intelligence units.
(c). Increasing frequency of searches of persons, personnel effects & vehicles and providing escort to ship's crew and passengers.

(d). Additional deployment of Personnel and vehicles for escorting unaccompanied baggage of cruise passengers from airport to the Port and vice versa during passenger turn-around on round the clock basis.

(e). Additional deployment of Personnel on round the clock basis at the Toll-Gates to regulate the movement of vehicles and private carriers when cruise ships and defence vessels are at berth.

(f). Erecting temporary barriers and speed impediments against forced entry.

(g). Hundred percent monitoring of the outer perimeter.

(h). Up-gradation of security infrastructure.

(i). Providing sufficient lighting at Berth and premises when defence / Cruise vessel is at Berth.

(ii). For security arrangement mentioned at (a) Port has purchased 2 boats (one small and one big) and detailed the boats for the exclusive use of the CISF personnel. The manning charges during the warranty period, and manning and maintenance charges during the next 7 years after expiry of warranty period have to be met by the Port from its own internal resources.

(iii). The manning charge during the warranty period and manning & maintenance charge during the succeeding 7 years period are given below:-

Particulars	**Patrol Boat (Small)**	**Patrol Boat (Big)**
Manning charge during warranty period	₹22,000/- per month	₹42,000/- per month
Manning & maintenance charge Ist year	₹ 3,42,400/-	₹ 11,62,958/-
IInd year	₹ 3,92,240/-	₹ 14,06,250/-
IIIrd year	₹ 4,49,664/-	₹ 16,65,087/-
IVth year	₹ 5,17,560/-	₹ 19,20,022/-
Vth year	₹ 5,88,972/-	₹ 21,86,665/-
VIth Year	₹ 6,23,244/-	₹ 24,55,687/-
VIIth year	₹ 6,91,288/-	₹ 29,20,679/-

(iv). As can be seen, all the above steps involve additional manpower, equipments and in some cases even making certain informed decision on joined patrolling involving Navy and Coast Guard. The above points have all been taken from the Port Facility Security Plan, approved by Director General, Shipping which envisages various steps to be taken at various security levels. Besides, due to increase in threat perception in the country and for Sea Ports in particular, the above mentioned vessels require thorough and elaborate arrangements involving human elements and no chances can be taken.

7.1. Based on a query raised by us during the proceedings relating to the general revision proposal which is now under consideration of this Authority regarding the additional revenue likely to accrue from the proposed levy of security charges during the years 2012-13 to 2014-15, the COPT vide its letter dated 16 June 2012 has, *inter alia*, stated that it has considered the income from the proposed security charges for defense & cruise vessels at ₹40 lakhs per annum (based on the calling of 40 vessels @ ₹100000/- per day per vessel) under the head 'Vessel Related Activity' and the expenses incurred are stated to be included in the cost of sub activities.

7.2. The cost statement for Vessel Related Activity [Form 5 B (i)] of the general revision proposal did not separately reveal the said income. Further, no sub-activity statement is seen for security charges for defense & cruise vessels. The COPT was, therefore, vide our letter dated 16 July 2012, requested to confirm and show that the income, expenditure/ overheads and the net block of assets considered in the general revision proposal takes into consideration the estimates furnished in the proposal for security charges for defense & cruise vessels for the years 2012-13 to 2014-15. We have not received the response from COPT till the finalisation of the case.

8. 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.

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

(i). No separate tariff item by the nomenclature 'security charges' is prescribed in the Scale of Rates of other major port trusts. Even incase of COPT, the Scale of Rates of COPT does not explicitly prescribe levy of security charges. However, in view of threats being faced by it, the COPT reportedly provides additional security to Indian/ foreign defence vessels, submarines and international cruise vessels, at the request of the users; and, therefore has proposed a separate levy to recover the incremental expenditure for providing additional security to the said vessels.

(ii). The users have objected to the proposed levy of Security charges on the ground that the other ports absorb the cost towards providing security and do not charge separately. Even the Southern Naval Command (SNC) has objected to the proposed levy on the ground that the Indian Navy ships are competent enough to provide security for themselves and capable of self defence.

It is reported by the port that normally it operates the port at Security Level I. But, in view of the threat perceptions, it has strengthened the security measures and operates the port at Security Level II of International Ship and Port facility Security (ISPS) in compliance of specific Government instructions. The security level II involves, *inter alia*, deployment of additional CISF personnel, vehicles, round the clock armed boat patrol when the foreign naval ship is at berth and upgradation of security infrastructure etc. While the cost of providing general security is absorbed by the port in its cost of operations, it is the incremental cost of providing additional security, required to implement Security level II, and hence the levy of additional security charges to compensate the incremental costs is inevitable.

(iii). In fixation of tariff for major port trusts, the expenses relating to security arrangement are factored as part of general expenses of the port and allocated to various activities and recovered therefrom in the tariff revision exercise undertaken by this Authority. Even in the case of COPT, the cost statements forming part of general revision of its Scale of Rates, which culminated into the tariff Order of February 2010 as well as in the cost statements forming part of the general revision proposal now under proceedings which is being separately processed, the security expenses is accounted under the management and general overheads which is in turn allocated to various activities and expenses on harbour patrol is included under port and dock service.

(iv). The proposed levy of ₹100000/- is to recover the incremental per day cost of CISF employees and the cost of fuel of boat used for marine patrolling. To a query in this regard, the COPT has confirmed that the estimates for the years 2010-11 and 2011-12 of the tariff Order of February 2010 did not capture the incremental expenditure for providing additional CISF personnel and cost of fuel consumed by the boats for marine patrolling. Since the COPT has started levying the rate on an adhoc basis since February 2010, the COPT, in its general revision proposal now under consideration of this Authority, has considered the income from the proposed security charges for defense & cruise vessels at ₹40 lakhs per annum (based on the calling of 40 vessels @ ₹100000/- per day per vessel) under the head 'Vessel Related Activity' and the expenses incurred are stated to be included in the cost of sub activities, for the years 2012-13 to 2014-15. However, in the absence of details not being furnished by COPT, as brought out in the earlier part of the Order, this position could not be verified. The position reported by COPT is relied upon.

(v). The proposed levy of ₹100000/- is reportedly based on the incremental per day cost of about 56 CISF employees at ₹65048/- and the cost of fuel of boat used for marine patrolling at ₹36120/- (based on fuel consumption of 35 ltrs. per hr. x 24 hrs. x ₹43 per ltr.).

Though the basis for the number of additional CISF personnel deployed for security is not furnished by COPT, the port has furnished a detailed calculation for each category of CISF personnel towards their salary and supervision charges. Since the security level II calls for boat patrol round the clock, the COPT has calculated the cost of patrolling for 24 hours per day taking into account fuel consumption of 35 litres and the fuel price of ₹43/- per litre. The said per day expenditure is reported to be based on the actuals incurred by the COPT for providing security to the vessels for the period from August 2009 to June 2010. In view of this position, the cost details furnished by the port in this regard are relied upon. The rate of ₹100000/- per day per vessel as proposed by the port is approved.

(vi). As stated earlier, the proposal filed by the COPT for general revision of its Scale of Rates is currently under process. The estimates of the general revision proposal for the years 2012-13 to 2014-15 include the estimated income and the estimated expenditure on account of levy of security charges. The draft Scale of Rates proposed by the COPT also contains a provision for levy of Security charges to the extent of ₹100000/- per day per vessel. The disposal of the general revision proposal filed by COPT may take some more time. Therefore, the separate proposal of the COPT for levy of Security charges at ₹100000/- per day per vessel under consideration now is approved for time being, with a validity period till the effective date of implementation of the Order to be passed by this Authority to dispose of the general revision proposal. The rate for security charges thereafter shall depend upon the rate to be approved by this Authority based on the overall financial/ cost position emerging out of the general revision proposal, to be disposed of.

(vii). Clause 2.17.1 to 2.17.3 of the tariff guidelines of March 2005 stipulate that whenever a specific tariff for services/ cargo is not available in the notified Scale of Rates, the port can submit the proposal and levy the rate on an adhoc basis till the rate is finally notified. In the instant case, the rate proposed by the port is for fixation of charges for rendering a new service. It is noteworthy that inspite of bringing the guideline position to the notice of COPT and conveying that adhoc levy of such charges would only be at the risk and attendant consequences to the COPT vide our letter dated 24 March 2010, the COPT has continued to levy the rate on adhoc basis without furnishing the consent of the users. Though the port maintains that they have got a positive nod from the users regarding levy of security charges, the COPT has not produced any documentary evidence to reflect the consent of the users for levy of the security charges. However, since the COPT has already started rendering the said service and incurring the operational expenses, this Authority is inclined to take a lenient view and approve the proposed levy of the security charges retrospectively from the date of implementation of the rates proposed by COPT i.e. 24 February 2010. However, the COPT is advised to strictly refrain from such practice in future.

(viii). With reference to a clarification sought by the Cochin Steamship Agents Association (CSAA) during the proceedings of this case, the COPT has confirmed that the proposed levy will not apply to normal vessels carrying cargo for defence. This is suitably incorporated in the provision approved.

10.1. In the result, and for the reasons given above, and based on collective application of mind, this Authority approves insertion of the following provision after sub-section 2.5 under Chapter II – Vessel related charges in the existing Scale of Rates of COPT as follows:

"2.6. Ship Security Charges for providing extra security:

Description	Unit	Rate in ₹
Indian/ foreign defence vessels, submarines and international cruise vessels except cruise vessels using Cochin as homeport and except normal vessels carrying cargo for defence.	Per day per vessel	100000/-

"

10.2. The rate approved will be with retrospective effect from 24 February 2010 and will remain valid till the effective date of implementation of the Order to be passed by this Authority disposing of the general revision proposal of COPT.

(T. S. Balasubramanian)
Member (Finance)

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

F. No.TAMP/30/2010 - COPT - **Proposal from the Cochin Port Trust for fixation of security charges on Defence vessels, Submarines and International Cruise vessels.**

The summary of comments received from users / user organizations and reply of Cochin Port Trust (COPT) thereon are tabulated below:

Sl. No.	Comments of users / user organisations	Reply received from the COPT
(1).	**Cochin Steamer Agents' Association and Shipping Corporation of India Limited**	
(i).	No other port in India levies separate security charges as it is deemed that the same is included in port charges. The CISF security personnel are already employed at port area irrespective of whether cruise/ foreign naval vessels are at berth or not. Therefore, the additional security charges levied against such vessels is not justifiable. Usually the cruise vessel operators or foreign naval authorities do not ask for any additional security coverage. If cruise vessels or foreign naval vessels request for additional security arrangement, then only port should consider collecting the actual charges pro-rated on the hours of port stay as is indicated in the statement submitted by the Cochin Port and not for full 24 hours or part thereof.	Unlike other major ports in India, the number of International Cruise Vessels, defense cargo vessel and foreign navy vessel calling at COPT are much higher and more frequent. Being a sensitive port, the need for additional security arrangement viz. round the clock patrolling at water front, additional shore deployment of CISF personnel etc. are inevitable. Since charging the rates incurred in a case to case basis in this regard is not possible, a uniform rate is necessary.
(ii).	With regarding to incremental expenditure towards pay hike to CISF personnel with VIth Pay Commission, we presume that this was considered when the Cochin Port tariff was revised from May 2010.	The actual expenditure incurred during the year 2009-10 is ₹11.51 crores and the projected cost for 2010-11 (RE) is ₹13.66 crores and BE for 2011-12 is ₹13.68 crores as against the estimates considered in the general revision proposal at ₹10.37 crores, ₹10.89 crores and ₹11.43 crores respectively for the corresponding years. The increase in cost is due to the hike in the pay scale of CISF personnel, consequent on implementation of VI Pay Commission Report of Central Govt. Employees. Hence it is pertinent that charges for additional deployment of security personnel incurred in this regard be charged.
(iii).	Irrespective of various categories of vessels calling at any port, internationally a port is responsible for the security of the passengers, crews and the vessel when at berth. Therefore foreign principals will find it difficult to accept an additional levy for security arrangement at Cochin Port alone. (This point is made by CSAA only and not by SCI).	The officials of Cruise Vessels of Cunard Group, J. M. Baxi, Destination Management etc. had discussions with the Commandant (CISF) wherein the need for additional security deployment was raised in case of International Cruise Vessels, Defense Vessels and Foreign Navy Vessels. When the Port started charging the additional security services, the users stopped submission of requests for the same.

<table>
<tr><td>(iv).</td><td>We presume that the category of vessels in the case does not include Merchant Vessels carrying Defense cargo in containers as well as break bulk. The interpretation of Cochin Port Trust in this regard needs clarity.</td><td>In case of merchant vessels carrying defense cargo, if the need for additional security is raised by the users, the security charges will be levied.</td></tr>
<tr><td>(v).</td><td>Hope COPT is not planning to impose this security charges on Indian passenger vessels shuttling between various Indian Islands like Lakshadweep, Andaman Nicobar Island, etc.</td><td>In the case of Lakshadweep vessels the need for additional security is increasing where thousands of passengers and their baggages need to be checked and monitored. A minimum of 10 personnel are required for every embarkation. However, the Port has not levied the security charges in this regard so far.</td></tr>
<tr><td>(vi).</td><td>We understand Major Ports in India have deployed CIFS security personnel for security reasons and these ports are absorbing the cost of maintaining the full battalion as is deemed necessary. This indicates that deployment of CISF at port area is a mandate put forward due to security reasons and hence levying additional charges against defence vessels, submarines, and international cruise vessels by Cochin Port alone is not justifiable. This move by Cochin Port may on a long run impact on the number of cruise vessels calling at Cochin Port.</td><td>The COPT has not commented.</td></tr>
<tr><td>(vii).</td><td>The cost sheet for the security charges indicate a total 44 CISF personnel will be deployed when any vessels of the above categories is at berth. However, it is to be noted that these personnel form a part of the CISF Battalion already deployed for Cochin Port. Even if there are no defence/ cruise vessels in a particular day/ month at Cochin Port, the expenses for the security of port is on cochin Port and TAMP is requested to advise Cochin Port not to implement such charges when these vessels are already paying substantial amount as port/ marine charges when they call Cochin even for a short port stay on 12 hrs.</td><td>The expenses on account of Port Security (CISF Expenditure) under the Management & General Administration head considered in the cost working of the general tariff revision proposal is as follows:-
(₹ in crores)
<table>
<tr><th>Year</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr>
<tr><td>Amount (Estimate)</td><td>10.37</td><td>10.89*</td><td>11.43*</td></tr>
</table>
The amount estimated for the years 2010-11 and 2011-12 is based on 5% hike on the estimated amount for the year 2009-10. The actual expenditure incurred during the year 2009-10 is ₹11.51 crores and the projected cost for 2010-11 (RE) is ₹13.66 crores and BE for 2011-12 is ₹13.68 crores.</td></tr>
<tr><td>(2).</td><td>Cochin Custom House Agents' Association</td><td></td></tr>
<tr><td></td><td>CCHAA do not have any comments with regard to defence vessels, submarines, etc. as the same is involving national security.
However, regarding International Cruise Vessels, it is stated that the COPT is taking all steps to become the major hub port of the country for international cruise terminal. Hence, it is imperative that cost for handling International Cruise Vessels should be attractive and brought to reasonable level. Accordingly, it is suggested that reasonable concessions may please be given in the security charge for International Cruise Vessels at Cochin Port.</td><td>Extending concessions on charges are policy decisions which are made as promotional measures and shall be made as and when necessary.</td></tr>
<tr><td>(3).</td><td>Coimbatore Custom House and Steamer Agents Association</td><td></td></tr>
<tr><td></td><td>CCHSAA do not have any objection in the rates contemplated as the said category of charges is not coming under its purview.</td><td>The COPT has not commented.</td></tr>
</table>

(4).	**Indian Navy (Southern Naval Command)**	
	Visit by foreign warships to other countries is an age-old practice and helps in building bi-lateral relationship as also promotes camaraderie between the navies. An automatic spin-off is the goodwill that is generated and India is viewed positively. In addition, warships by the very nature are capable to meet 'self defence' requirements. It is in keeping with our own security requirements and to comply with the 'rule of the land' that we do not permit foreign nationals with arms and ammunition on our soil that we supplement by providing land/ water front security. Hence, levying an additional charge as "Security Charges" defeats the very purpose of the visit. Moreover, Indian Naval Ships, when visiting foreign ports are also not paying any such charges and at times even berthing facilities are provided gratis. Also, it is opined that, levying of charges should be uniform across all ports in India, wherein no security charges are levied. Therefore, such a charge being levied only at Kochi, is considered incorrect. Similarly, there is no requirement for the Cochin Port Trust to provide security to visiting Indian warships when berthed at Cochin Port commercial berth. Indian Navy ships are competent to provide security for themselves at all Indian ports. Therefore, the question of charges for security cover for Indian Navy ships does not arise.	Regarding the arrival of foreign defence vessels, the port before raising this proposal deliberated with the shipping agents concerned and got a positive nod from them regarding the levy of security charges. In fact, the agents themselves requested for additional security for which this port had to expend additional amounts by way of leave encashment etc. of the denied leave for the personnel who have been deployed for this duty, and the port has no option but to recover the same from its customers. In case of defence vessels attached to the Indian Union, the objections raised cannot be taken into account since they are utilizing Port's berths where the port is entitled to provide security and has got its own arrangements for the purpose. The Commandant, CISF of this port had already held meetings with the Indian Navy, in the wake of foreign defence vessels arriving in April 2011 for amphibious exercise, wherein the need for additional vigil and the security procedures were deliberated. In the light of the above, this port is holding its stance on the subject matter and is insisting on the need for all the vessels of the mentioned category are entitled to pay the security charges.

2. A joint hearing in this case was held on 28 March 2012 at the Cochin Port Trust (COPT) premises. The COPT made a brief power point presentation of its proposal. At the joint hearing, COPT and the Cochin Steamer Agents Association have made the following submissions:

<u>Cochin Port Trust</u>

(i). The costing given by us is the incremental cost of providing security to these kinds of vessels.

(ii). The requirement is as per Level - II of ISPS.

(iii). It is confirmed that the charges will not apply to normal vessels carrying cargo for Defence. It is only on non cargo foreign vessels.

(iv). The total collection in the last two years is ₹2.16 crores.

<u>Cochin Steamer Agents Association</u>

(i). Port should clarify these charges will not apply to normal vessels carrying cargo for Defence.

(ii). Our members handling cruise vessels/ defence vessels have not raised any issues. We feel they are neutral to the proposal.

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