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Tariff Authority for Major Ports

G No. 82 **New Delhi,** **07 April 2010**

NOTIFICATION

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

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports

Case No. TAMP/11/2009-COPT

Cochin Port Trust - - - **Applicant**

O R D E R

(Passed on this 23rd day of February 2010)

This case relates to the proposal received from the Cochin Port Trust for general revision of its Scale of Rates.

2. The existing Scale of Rates of the Cochin Port Trust (COPT) was last revised by this Authority vide Order dated 25 January 2007. The validity of the revised Scale of Rates was originally prescribed till 31 March 2009.

3. The port has vide letter dated 11 March 2009 filed a proposal for general revision of its Scale of Rates in the prescribed format along with the draft proposed Scale of Rates. The port has submitted that it was not able to adhere to the prescribed time limit of filing the proposal 3 months prior to the due date of revision prescribed in the guidelines as all its concerned officials were engaged in the ongoing ERP programme.

4. The highlights of the proposal filed by the COPT are explained hereunder:

(I). Cost statements:

(i). Total traffic handled during the year 2007-08 is reported at 12.57 Million Tonnes (MT) as against the installed capacity of 28 MT. The COPT expects to handle 12.80 MT of traffic in the year 2008-09. The traffic projections for the years 2009-10 to 2011-12 are 13.75 MT, 14.28 MT and 14.30 MT respectively.

(ii). The operating income considered in the cost statements excludes the revenue share receivable from the BOT operator India Gateway Terminal Private Limited (IGTPL).

(iii). The operating costs and management and general overheads for the year 2008-09 and 2009-10 have been estimated as per the RE and BE respectively of that year.

A statement reconciling the income and expenses reported in the Annual Accounts for the year 2006-07 and 2007-08 and RE/BE 2008-09 and 2009-10 vis-à-vis the figures considered in the cost statement has been furnished.

(iv). The port has segregated its assets into business assets, business related assets and social obligation assets. ROCE @ 15% (instead of 16%) on the business and 6.35% business related assets has been claimed.

(v). The estimated additions to the Gross Block for the years 2009-10 and 2010 -11 is Rs.16700 lakhs and Rs.44300 lakhs respectively. No addition to the Gross Block is proposed for the year 2011-12.

(vi). The overall surplus /deficit position of the main activities/sub-activities and the tariff hike proposed is tabulated below:

(**Rs. in lakhs**)

Sl. No.	Activities / sub-activities	Surplus/deficit 2009-10		Surplus/deficit 2010-11		Surplus/deficit 2011-12		Total surplus/ deficit	Average %
		(Rs .in lakhs)	% of income	(Rs. in lakhs)	% of income	(Rs. in lakhs)	% of income	(Rs. in lakhs)	% of income
1.	Port as a whole	- 16363	- 90.19%	- 25021	- 132.68%	- 25542	- 132.58%	- 66926	- 118.48%
2.	Cargo/ container handling income	- 652	- 8%	543	7%	556	7%	447	2%

	(i).Coal & others	- 1556	- 67%	- 1711	- 75%	- 1774	- 77%	- 5041	- 73%
	(ii).POL	876	18%	2225	46%	2324	48%	5425	37%
	(iii).Fertilizer	28	4%	28	4%	7	1%	63	3%
3.	Vessel related income	- 13372	- 1029%	- 22667	- 1413%	- 23022	- 1365%	- 59061	- 1269%
	(i).Port dues	- 1481	- 114%	- 4663	- 291%	- 4656	- 276%	- 10800	- 227%
	(ii).Pilotage	- 4782	- 149%	- 5325	- 151%	- 5293	- 144%	- 15400	- 148%
	(iii).Berth hire	- 6896	- 552%	- 10373	- 773%	- 10601	- 761%	- 27870	- 695%
4.	Estate	- 2338	- 68%	- 2897	- 86%	- 3077	- 90%	- 8312	- 81%

(The sum of the deficit of vessel related sub-activities do not match with deficit estimated in the vessel related activity as the COPT has not furnished the sub-activity-wise cost statement for some of the miscellaneous vessel related services)

(vii). Even after the proposed tariff increase, the port estimates a total deficit of Rs.57996 lakhs for the port as a whole for the years 2009-10 to 2011-12.

(II). Scale of Rates:

(i). Many of the sub-activities are showing huge deficits even before considering admissible Return on Capital Employed (ROCE). As huge hike in the rates in order to cover the deficit is not feasible due to possibility of diversion of the vessels and the cargo to other ports, an overall 40% hike is proposed in the vessel related charges, wharfage on containers and miscellaneous charges.

(ii). The major changes proposed in the existing Scale of Rates (SOR) are as under:

❖ Vessel Related Charges:

(a). 40% increase proposed in port dues. Frequency of the ports dues on the coastal vessel entering the port is changed from once in 30 days to each entry.

(b). Existing concession in the vessel related charges available to cruise vessels is proposed to be deleted.

(c). Uniform pilotage fee proposed for container vessels and other vessels as against separate rates prescribed in the existing Scale of Rates. 40% increase proposed on the higher of the two rates.

(d). Shifting charges proposed at 50% of the proposed pilotage fees as against the existing prescription at 25%.

(e). The existing Scale of Rates prescribes separate six tier berth hire for different group of berth / berth(s) and for stream mooring. It has proposed to discontinue with the existing structure and has proposed a uniform berth hire for all berths / stream mooring.

(f). 100% increase proposed in pilot detention charges and cancellation charges.

(g). New tariff items proposed for speed boat.

(h). The existing uniform rate for pilot launch and other launches is segregated into two tariff items. The fee for pilot launch proposed to increase from existing Rs.350 to Rs.3000 per hour or part thereof.

(i). 40% increase proposed in charges for supply of water to vessels.

- Cargo Related Charges:

  (a). Reduction proposed in wharfage charges of selected cargo items viz. 19% on thermal coal & other coal, 50% reduction in sand and stones, 35% in sugar, and 1.8% in Metal.

  (b). Existing advalorem wharfage rates on some of the commodities proposed to be replaced with specific rates.

  (c). Unit of levy of wharfage on Timber modified from existing “per metric tonne” to “per cubic metre”.

  (d). Wharfage rate (advalorem) prescribed for some of the cargo items like coffee, motor cars, trucks, oleoresins, tea and spices, etc. is deleted in the proposed Scale of Rates.

  (e). Wharfage of Rs.40/- per each cargo ticket of Rs.300/- for cargo / excess baggage carried by Lakshwadeep passengers newly introduced.

  (f). Free period for salvage goods and shut out cargo reduced from existing 7 /12 days to 3 days.

  (g). Reduction proposed in the demurrage charges in the range of 89% to 92%.

  (h). Charges for storage of cargo on license basis is proposed to be introduced based on area at the specified transit area.

- Container Related Charges:

  (a). 40% increase proposed in the wharfage on empty and laden containers.

  (b). Around 8% increase proposed in the ground rent as well as storage charges on containers at CFS and other port facilities.

  (c). 20% increase proposed on stuffing and de-stuffing charges at CFS and wharf.

- Hire Charge for Port Equipment:

  (a). 40% increase proposed in the hire charge for port equipment.

  (b). New tariff proposed for oil skimmer.

- Estate Rentals Charges:

  The port has already submitted a proposal for revision of the estate rentals which is being processed separately. The port in this general revision proposal has included the same estate rentals rates as proposed separately.

5. In accordance with the consultative procedure prescribed, the COPT proposal was forwarded to the concerned user organisations seeking their comments. The comments received from users / user organisations were forwarded to COPT as feedback information. The COPT has furnished its comments on the comments of the users / user organisations.

6. Based on a preliminary scrutiny of the proposal, the COPT was requested to furnish additional information / clarifications vide our letter dated 22 May 2009.

7.1. A joint hearing in this case was held on 20 June 2009 at the COPT premises. The COPT made a power point presentation of its proposal. At the joint hearing, COPT and the concerned users / user associations have made their submissions.

7.2. At the joint hearing, the COPT was advised to furnish additional information / clarifications on various points emerging from the proposal vide the office letter dated 22 May 2009 for which the response of the port was awaited. The port was also required to furnish a detailed note highlighting the reasons for the high deficit in marine activities and the plans and steps proposed to reduce cost under this activity. The COPT vide our email dated 8 December 2009 was requested to furnish clarifications on some more points. The COPT vide its letter dated 28 October 2009 has furnished the replies to the queries raised along with revised proposed SOR. It has clarified that due to implementation of new ERP system there has been considerable changes in the accounting methodology which lead to delay in finalizing their provisional accounts and also in submission of information / clarification to the queries raised. It has requested this Authority to pardon this delay.

Subsequently, the COPT had furnished another revised cost statement vide letter dated 7 December 2009. It has furnished reply in piecemeal to some of the points vide emails dated 2 December 2009, 17 December 2009, 31 December 2009, 4 January 2010, 6 January 2010 and 19 January 2010. Queries raised by us and the clarifications furnished by the COPT through its various letters are summarised below:

Sl. No.	Queries raised by us	Reply received from COPT
I.	**FINANCIAL / COST STATEMENTS**:	
1.	Form 2A: Furnish detailed computation of designed capacity of the port for the years 2006-07 to 2008-09 and the estimated designed capacity for the years 2009-10 to 2011-12 considering the capital investment proposed to be made during each of these years and productivity expected to be achieved. In case the capacity utilisation is below 60%, the reasons for the same may also be furnished as stated in Note No.3 of Form 2B.	Berth wise design capacity of the port in actuals for the year 2006-07 to 2008-09 and estimates 2009-10 to 2011-12 are furnished in Note no.2 of Form 2A. The reasons for under utilisation of berth capacities have been furnished as Note No.3 of Form 2A. The port has explained that owing to lack of industrialization in the hinterland, especially in kerala the vessel and cargo traffic has remained stagnant for the last 10 years. Further reasons for underutilization of capacity are tough competition from neighboring ports viz. TPT, CHPT and NMPT and height restrictions for cranes imposed by Southern Naval Command. *(Though claimed, no Computation of design capacity is furnished by the port.)*
2.	The figures for the year 2008-09 may be updated with the actuals. The estimates for the subsequent years may also be modified based on the 2008-09 actuals. While doing so, a copy of the draft Annual Accounts considered for updating the estimates of 2008-09 with the actuals may be forwarded along with a statement reconciling the figures reported in the draft Annual Accounts 2008-09 with the figures considered in the cost statement.	The cost statements have been updated based on the Audited Annual Accounts of 2008-09. Copy of the Audited Annual Accounts of the year 2008-09 is furnished. The estimates for the years 2009-10 to 2011-12 are also projected based on the actuals of 2008-09. A statement reconciling the operating income and expenses considered in the cost statement vis-à-vis figures reported in the Annual Accounts for the years 2006-07 to 2008-09 is furnished. With reference to 2009-10, it has reconciled with the estimates furnished in B.E. 2009-10.
3.	The reasons why the some of adjustments which were done in the cost statements during the last tariff revision are not considered in the instant tariff revision proposal may be explained. The port may consider the necessary adjustments to reflect the correct position in the consolidated cost statement as well as activity-wise cost statement for the years 2006-07 to 2008-09 and 2009-10 to 2011-12.	The operating results after meeting all the expenditure with reference to the electricity distribution activity of the port show a meagre surplus for the last three years. Hence both income and expenditure are not excluded in the cost statement. The income and cost of operating the electricity distribution activity is grouped under Estate Rentals. The profitability statement for electricity distribution for the year 2008-09 (actual) and estimates for 2009-10 & 2010-11 are enclosed separately.

4. (i).	(a). Clarify the realistic date as to when the India Gateway Terminal Private Limited (IGTPL) will transfer the Rajiv Gandhi Container Terminal (RGCT) operations to the COPT. It may also be indicated whether concurrent operations at both RGCT and International Container Transhipment Terminal (ICTT) will be resorted to, as provided in the License Agreement.	(a). As per information received from IGTPL, the RGCT will be handed over to COPT on 31/03/2010. The concurrent operations at both RGCT and ICTT is not yet discussed and finalised.
	(b). If the RGCT is expected to revert back to the COPT during this tariff validity cycle, then please indicate the proposed utilisation of those facilities. Confirm whether the traffic, income and expenditure estimation furnished reflect this position. If not, the estimates may be updated taking into consideration the traffic likely to be handled by the port at RGCT.	(b). The RGCT project site will be utilised for handling bulk general cargo. While projecting the traffic, income & expenditure for the years from 2010-11 to 2011-12 in the revision proposal, the additional capacity of RGCT have also been considered.
	(c). As per Appendix 8 of the Licence Agreement entered between the COPT and the IGTPL, the employees of the COPT transferred to the IGTPL will repatriate to the COPT, when the RGCT terminal is reverted to the port. Please confirm whether the wage cost estimated by the COPT takes into consideration this aspect, if the RGCT is expected to revert back to port in this tariff cycle. Furnish details of cost estimates in this regard.	(c). As per revised guidelines dated 31 March 2005 (Clause No.2.8.3), "The revenue share/ royalty receivable by the landlord Port Trust should be applied first to meet cost of surplus labour, if any…." To comply with this provision, the estimated wage cost for the COPT employees working in IGTPL when they are repatriated to COPT have not been considered for the years from 2010-11 to 2011-12 while preparing the cost statement. The cost estimate as of now, for 318 employees is Rs.9.50 Crores. It will increase to Rs.12 Crores approx. for the years 2010-11and 2011-12 due to the forth coming wage revision.
	(d). Furnish reasonable estimates of takeover compensation payable by the COPT to the IGTPL when the RGCT is expected to revert to the COPT. The treatment given / expected to be given in this regard in its Accounts / cost statement may also be indicated.	(d). COPT is not expecting to pay any take over compensation to IGTPL.
	(e). Certify that the actuals for the year 2008-09 do not include the assets handed over to IGTPL for its operations at RGCT.	(e). It is certified that 2008-09 Audited Annual Accounts does not include the assets already handed over to IGTPL for its operation at RGCT.
(ii).	Furnish details of assets likely to be taken over by COPT when the RGCT operations is reverted and the treatment of such assets in the capital employed estimates.	The assets include both movable and immovable items. Assets like container handling equipments viz. Gantry Cranes, Transfer Cranes, Reach Stackers etc. will not be of any use to COPT since the container operations will be handled by IGTPL at ICTT project site. Those assets will be disposed off either by IGTPL and the accounting treatment is to adjust it in the outstanding upfront premium. COPT will takeover the immovable assets like Container Berths, Parking Yard, Backup area & other Civil structures. The values of those assets have been considered in the capital employed estimates of the revised cost statement. (2010-11, 2011-12)
(iii).	The accounting treatment and the treatment given in the cost statement with reference to assets handed over / likely to be handed over to IGTPL for its operations at Vallarpadam may also be indicated.	The land area of 48 ha. has already been handed over to IGTPL for a period of 30 years on lease at a nominal license fee of Re1/- per square meter per annum for its ICTT project site. The income from license fee has already been considered in the cost statement.
5.	Traffic estimation:	
(i).	Indicate the traffic handled by the IGTPL for the years 2006-07 to 2008-09 and the	A summary of Cargo traffic of COPT as well as IGTPL for the years 2006-07 to 2008-09 and estimates for 2009-10

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<td></td>
<td>estimates for the years 2009-10 to 2011-12.

The basis on which traffic estimation of IGTPL is considered in the cost statement for the years 2009-10 to 2011-12 may be explained giving break up of traffic likely to be handled at the Rajiv Gandhi Container Terminal (RGCT) and International Container Transhipment Terminal (ICTT) when the IGTPL migrates its operations to Vallarpadam.</td>
<td>to 2011-12 is given below:
<table>
<tr><th>Particulars</th><th colspan="3">Actuals</th><th colspan="3">Estimates</th></tr>
<tr><th></th><th>2006-07</th><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr>
<tr><td>Cargo handled by COPT (MMT)</td><td>12.31</td><td>12.57</td><td>11.97</td><td>13.75</td><td>15.70</td><td>15.76</td></tr>
<tr><td>Containers (TEUs) (IGTPL)</td><td>226808</td><td>253715</td><td>260473</td><td>310000</td><td>478000</td><td>588000</td></tr>
<tr><td>Containerised Cargo (MMT) (IGTPL)</td><td>2.95</td><td>3.18</td><td>3.26</td><td>3.88</td><td>5.98</td><td>7.35</td></tr>
<tr><td>Total Traffic (cargo + con. Cargo)</td><td>15.26</td><td>15.75</td><td>15.23</td><td>17.62</td><td>21.67</td><td>23.11</td></tr>
</table>

While submitting their tariff revision proposal to TAMP, IGTPL has projected the container traffic to be handled by them for the years 2009-10 to 2011-12. The same has been considered in the instant proposal of COPT. The estimate of container traffic at ICTT project site has been reflected in the Form No.2A.

It is not possible now, to quantify the cargo volume to be handled at RGCT once vacated by IGTPL. The berths and its backup area of RGCT will be used for general cargo import like coal, iron scrap etc. which is now handled in low draft berths. Since Q7, Q8 & Q9 berths are having 12.5 mtr. draft in the basin front, the Port will be able to accommodate higher capacity general bulk cargo vessels.</td>
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<td>(ii).</td>
<td>The annual cargo traffic fixed by the Department of Shipping vide its letter dated 23 April 2009 excluding containers is 14.90 million tonnes for the year 2009-10 against which the COPT has estimated the traffic at 13.75 million tonnes. Explain the reasons for variation in the traffic estimation from the target fixed by the Government.

The COPT may update the traffic estimates in line with the target fixed by the Ministry and in accordance with the five year plan / annual plan and current expected growth. The reasons for deviation, if any, in the traffic estimation considered in the cost statement from the projections made in the five year plan / annual plan need to be explained.</td>
<td>The port has projected a realistic cargo traffic for the year 2009-10 based on the actual cargo traffic handled in the previous years, type of cargo imported/ exported, hinterland demand and supply, information received from trade meet and any other specific representation and request by the users for bringing new and/ or additional cargo to the port etc.

The Port, is continuously taking lot of efforts to increase the cargo traffic by conducting frequent trade meets, offering concessional port tariff etc. However, the anticipated cargo traffic is comparatively lesser. Hence the Port is relying on realistic projections rather than following the figures of the Ministry which are unachievable under the prevailing circumstances.</td>
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<tr>
<td>(iii).</td>
<td>Additional cargo-wise traffic, if any, anticipated to be handled on commissioning of the reconstructed North Coal Berth and Mattancherry wharf may be indicated.</td>
<td>Even though NCB has been revamped and commissioned, the berth lacks adequate cargo handling equipments, railway sidings, draft to accommodate bigger vessels and backup area. However, the Port is anticipating 2 lakh tonnes of additional general bulk cargo to be handled at this berth which has been considered in the cargo traffic forecast.

Mattancherry Wharf Phase-I, the construction is in progress and expected date of completion is December 2009. The Port is anticipating 1 to 2 lakh tonnes of general bulk cargo to be handled in the berth.</td>
</tr>
</table>

6.	Income estimation:	
(i).	The income estimation for the year 2010-11 does not correspond to growth estimated in the traffic and hence may be justified.	(a). The income estimates for the year 2010-11 & 2011-12 have been corrected based on the estimated cargo traffic growth. (b). The COPT has subsequently vide email dated 2 December 2009 and 6 January 2010 clarified the following with reference to reduction in the income estimation from POL activity and estate rental during the years 2010-11 and 2011-12 in the revised cost statement: ➢ While preparing the BE for 2009-10 of the Port, the traffic as well as income projected for POL including crude oil was 13.5 MMT out of which 10 MMT is crude oil at SPM and 3.5 million POL products at NTB, STB. Out of the 10 MMT projected at SPM, 1 MMT is on account of back loading cargo unloaded and temporarily stored at SPM, transported through pipeline and loaded through COT for which wharfage is chargeable at Rs.65/- per tonne. Subsequently, after preparation of BE 09-10, wharfage for back loading cargo was exempted as a trade promotional measure resulting in a reduction of Rs.6.5 crores in Income Projections in 2009-10 itself. In the revised cost statement the amount as per BE 2009-10 has been considered. Hence, income comes only from 12.5 MMT (i.e. 9 MMT crude oil at SBM + 3.5 MMT POL products at COPT berth. This waiver of wharfage has been considered while preparing the income projections for 2010-11, hence the reduction in income (anticipated back loading cargo 1MMT x Rs.65/- per tonne = Rs.6.5 crores). In addition Rs.87 lakhs (Rs.175 lakhs - Rs.88 lakhs) reduction in revenue to CFS has been anticipated owing to the shifting of container operations from RGCT to ICTT. ➢ As per Licence Agreement between COPT and IGTPL, the licence fee for the RGCT is being collected from 2005-06 onwards, which amount to Rs.12 crores in 2009-10. Once the operation is shifted from RGCT to ICTT, IGTPL is not liable to pay the licence fee to the Port. Since the anticipated date of commissioning of ICTT is 1st April 2010 the licence fee has not been considered in the revised cost statement for the years 2010-11 and 2011-12. Hence there is reduction in income from Estate rentals. ➢ It has clarified (vide letter dated 6 January 2010) that the main reasons for reduction in vessel related revenue anticipated in the year 2009-10 as compared to 2008-09 is because income from pilotage is anticipated to reduce as the rate for tug service at SBM approved by TAMP in notification dated 30 December 2008 is lower than the rate collected by the port earlier. Further, income from Nehru Shatabdi too has also been projected less for 2009-10 (from Rs.10.11 Crores to Rs.5.5 crores) due to the anticipated decrease in demand as a result of increase proposed in hire charges.

<table>
<tr><td></td><td></td><td>➢ The reduction anticipated in income from estate rentals in the year 2010-11 is due to the shifting of operations from RGCT to ICTT. An amount of Rs.12 Crores received at present from RGCT as licence fee has been deducted in the year 2010-11. The income by way of lease rent received from M/s.Petronet LNG Ltd. at Puthuvypeen is included in the Estate Rentals.</td></tr>
<tr><td>(ii).</td><td>Furnish an analysis of average dwell time of different types of cargo for the past three years 2006-07, 2007-08 and 2008-09. Average dwell time considered for estimating the demurrage and storage income for the years 2009-10 to 2011-12 at the existing tariff level as well the proposed tariff may also be indicated.</td><td>The average dwell time for various cargo for the year 06-07 to 08-09 (actual) and 09-10 (estimate) for both existing and proposed tariffs are given below:
(in days)
<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Cargo</th><th colspan="3">Actuals</th><th>Estimates</th></tr>
<tr><th>06-07</th><th>07-08</th><th>08-09</th><th>09-10</th></tr>
<tr><td>1.</td><td>Dry Bulk</td><td>30</td><td>17.5</td><td>17.5</td><td>17.5</td></tr>
<tr><td>2.</td><td>Break Bulk</td><td>16</td><td>15</td><td>15</td><td>15</td></tr>
<tr><td>3.</td><td>Container</td><td>7</td><td>7.5</td><td>7.5</td><td>7.5</td></tr>
</table></td></tr>
<tr><td>(iii).</td><td>(a). It is observed that some adhoc reduction to the tune of Rs.450 lakhs in the year 2007-08 and Rs.950 lakhs in each of the years 2008-09 and 2009-10 is made from the vessel related income in the cost statement towards adjustment of the final rate approved by the TAMP vide Order No.TAMP/32/2007-COPT dated 12 December 2008 for Single Point Mooring (SPM) operations. Please indicate the adhoc bill raised by the port for these two years for its operations at SPM and the amount refunded by the port as per the final rates approved by the TAMP in December 2008.</td><td>(a). The amount refunded to the parties based on the TAMP notification dated 17 December 2008 is Rs.15.77 crores. A detailed statement in this regard is furnished.</td></tr>
<tr><td></td><td>(b). As stated in our tariff Order No.TAMP/32/2007-COPT dated 17 December 2008, the COPT is advised to formulate a well analysed proposal based on the actual cost incurred for services offered for SPM operations based on the cost for services provided. Please furnish a separate cost statement for SPM operations giving the actuals for the years 2007-08 and 2008-09 along with estimates for the next three years i.e. 2009-10 to 2011-12.</td><td>(b). A separate cost statement for SBM operations based on the actual performance for the year 2007-08 and 2008-09 and estimates for 2009-10 to 2011-12 is furnished. A summary of the statement furnished by COPT is given below:
(Rs. in crores)
<table>
<tr><th rowspan="2">Particulars</th><th colspan="2">Actual</th><th colspan="3">Projection</th></tr>
<tr><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr>
<tr><td>(i). Vessel traffic</td><td>24</td><td>81</td><td>78</td><td>84</td><td>84</td></tr>
<tr><td>(ii). Vessel Related Income from pilotage and pull back service</td><td>5.61</td><td>18.01</td><td>17.60</td><td>20.86</td><td>20.86</td></tr>
<tr><td>(iii). Expenditure</td><td>6.60</td><td>12.19</td><td>12.55</td><td>12.64</td><td>12.74</td></tr>
<tr><td>(iv). ROCE @ 16% on 1/3rd of capital employed i.e. Rs.3 crores</td><td>--</td><td>--</td><td>0.48</td><td>0.48</td><td>0.48</td></tr>
<tr><td>(v). Excess income over expenditure</td><td>-0.99</td><td>5.82</td><td>4.57</td><td>7.75</td><td>7.65</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>The cost statement may be modified by including the license fee received / receivable from the IGTPL under the estate activity.</td><td>The license fee received / receivable from 2006-07 to 2011-12 has been included in the revised cost statement.</td></tr>
<tr><td>(v).</td><td>The Authority in the last tariff Order [in para 10 (ii) (b)] had advised the port to apportion expenditure relating to staff quarters to all the activities based on the number of employees deployed in the relevant activity while filing the next tariff review proposal. The port is advised to adhere to our suggestion.</td><td>At present it is difficult to apportion the expenditure of staff quarters to main and sub activity based on the number of employees deployed in the relevant activity. Port has already successfully implemented an integrated ERP system to all the activities of the Port from 7th February 2009. Once the new system is stabilised the said apportionment of cost on the basis of employees will be adhered to in the next tariff revision.</td></tr>
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<tr><td>(vi).</td><td>The estimation of the vessel related income may be updated based on the current foreign exchange rate for dollar denominated tariff items. The exchange rate adopted for such estimation may be indicated.</td><td>The estimated income for the year 2009-10 to 2011-12 has been updated. The projection of vessel related income for the year 2009-10 has been taken from Approved BE. The vessel related income for the year 2010-11 and 2011-12 has been projected based on the actual income and vessel traffic for the year 2008-09 and the vessel traffic projections for the respective years. (COPT has, however, not indicated the exchange rate adopted for estimation of income.)</td></tr>
<tr><td>(vii).</td><td>Detailed computation of the income estimation at the existing tariff level as well as proposed tariff level for the years 2009-10 to 2011-12 may be furnished.</td><td>Revised cost statement shows income estimation for the year 2009-10 to 2011-12 with existing tariff level and proposed tariff level.</td></tr>
<tr><td>(viii).</td><td>Furnish a statement indicating financial implication on account of the modifications proposed by the COPT in the Scale of Rates for each of the years 2009-10 to 2011-12 (with activity-wise / sub-activity-wise details):</td><td></td></tr>
<tr><td></td><td>(a). <u>Chapter II - Vessel related charges</u>:

(i). Change in frequency of levy of port dues in respect of coastal vessel from once in 30 days to per entry basis.</td><td>(i). It is difficult to forecast the vessel frequency in a month for different type of coastal cargo vessels. Call by Coastal vessel at the Port is normally based on the demand and supply of cargo to the hinterland, voyage schedule etc. The frequency of coastal voyages varies from year to year. Hence the financial implications are very meagre. It is proposed to amend the frequency from once in 30 days to each entry for collection of port dues as per the requirements of draft Model Scale of Rates.</td></tr>
<tr><td></td><td>(ii). Withdrawal of 33 1/3% concession in the vessel related charges granted to foreign-cruise vessel.</td><td>(ii). Foreign cruise vessels are calling at the port based on the international tour packages by the tour operators. The number of calls will be varying from year to year depending upon the various factors. During the year 2008-09, 35 foreign cruise vessels called at the Port and the vessel related income earned was Rs.3 Crores. The rebate extended to these vessels was Rs.1.5 Crores. The same amount will be estimated as an additional income for the period 2009-10 to 2011-12 due to this withdrawal of rebate 33 1/3 %.</td></tr>
<tr><td></td><td>(iii). 40% increase proposed in port dues and 40-44% increase in pilotage fee.</td><td>(iii).The financial implication for Port dues and Pilotage due to proposed 40% hike in tariff and consequent estimated additional income for the year 2009-10 to 2011-12 is given below:
<table><tr><th>Sl. No.</th><th>Activity</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr><tr><td>1.</td><td>Projected Vessel Traffic (in Nos.)</td><td>1200</td><td>1275</td><td>1325</td></tr><tr><td>2.</td><td>Port Dues (Rs. in Crores)</td><td>1.30</td><td>5.76</td><td>5.98</td></tr><tr><td>3.</td><td>Pilotage (Rs. in Crores)</td><td>3.50</td><td>16.74</td><td>17.40</td></tr></table>
Workings
(Rs. in Crores)
<table><tr><th>Year</th><th>Port Dues at Proposed Tariff</th><th>Port Dues at Existing Tariff</th><th>Difference</th></tr><tr><td>2009-10</td><td>18.20</td><td>13.00</td><td>5.20(1/4th)</td></tr><tr><td>2010-11</td><td>20.15</td><td>14.39</td><td>5.76</td></tr><tr><td>2011-12</td><td>20.94</td><td>14.96</td><td>5.98</td></tr></table></td></tr>
</table>

Year	Pilotage at Proposed Tariff	Pilotage at Existing Tariff	Difference
2009-10	49.00	35.00	14.00(1/4TH)
2010-11	58.61	41.87	16.74
2011-12	60.91	43.51	17.40

	(iv). Shifting charge increase from existing 25% of pilotage fee to 50% of the proposed pilotage fee (increase works out to 180 / 188 % from the existing shifting charge).	(iv). The shifting activity is as similar as that of Pilotage activity. The man power, no. of tugs & launches, time etc. required are as same as for Pilotage activity. Hence, the hike of 50% from 25% of proposed pilotage fee is reasonable. The anticipated additional income is Rs.64 lakhs per year for the period from 2009-10 to 2011-12.
	(v). 40 - 100% increase in miscellaneous pilotage fee.	(v). Miscellaneous pilotage fee is not quantifiable. If at all there is additional income from this, it would be meagre.
	(vi). Slab-wise tariff proposed for dry docking facilities along with tariff items introduce for various other services in the schedule 2.2.5.	(vi). The activity of dry docking includes all the sub-activities as listed in Schedule 2.2.5. Each sub-activity is associated with separate cost element. Even though the Port has proposed a slab wise tariff for dry docking facilities, the income generated by the facilities is very negligible. The existing facilities have been developed only for dry docking of Port crafts, in the absence of which outside crafts are being attended. The revenue generated by leasing of this facility for the last few years is negligible due to development of private dry docking facilities in and around the Port area, lack of adequate infrastructure, outdated equipments and capacity constraints.
	(vii). Uniform berth hire for all the berths and stream mooring as against existing 6 tier rate prescribed for different groups of berths / stream mooring.	(vii). The single slab for berth hire is proposed as per the provision 6.1 of the TAMP guidelines. The estimated incremental income from berth hire charges due to conversion to single slab and increase in vessel traffic for the period from 2009-10 to 2011-12 is Rs.1.25 crores, Rs.5.04 crores and Rs.5.24 crores respectively. At present there is no stream mooring facility in COPT. However, a tariff has been proposed with the anticipation of development of facility of such kind in the future.
	(viii). Increase proposed in other vessel related tariff items and the impact of modification proposed in the conditionalities.	(viii). The financial implication is meagre since the demand for the facility is comparatively less.
	(b). <u>Chapter III - Cargo related charges</u>:	
	(i). Reduction proposed in the wharfage rate for some of the cargo items such as thermal coal, other coal, sand and stones, sugar, etc. and increase proposed in the wharfage rate of defence goods.	(i). General cargo (dry bulk) traffic throughput to the Port like thermal coal, coal, sand and stones, sugar etc. is stagnant for the last one decade. The main reasons for reduction in wharfage rate for these items is to retain the existing traffic of such cargo from diversion to other neighbouring Ports and also as a trade promotion measure initiated by the Port. The reduction in income, if any, would be compensated by increase in volume of such cargo. Hence there is no financial implication anticipated. In the case of defence cargo, the risk involved is higher than the other cargo and incremental costs incurred like special fire fighting services, additional deployment of security system, separate storage space etc. Hence we have proposed a higher rate for this cargo in order to cover such additional costs.
	(ii). Specific wharfage rate of Rs.100 per tonne proposed for enumerated goods against existing 0.28% advalorem rate.	(ii). The changing of wharfage rate from advalorem basis to quantity basis for un-enumerated items of cargo is done as per tariff guidelines of March 2005. The proposed

		wharfage rate of Rs.100/- per tonne for such cargo is arrived at by equating the wharfage on value base and quantity handled. Hence there is no increase/ decrease in income anticipated.
	(iii). Exemption in the wharfage rate on import cargo and motor vehicles delivered through inland water barges.	(iii). Import cargo delivered through barges is not levied wharfage as the cargo has already paid wharfage when landed. Motor vehicles carrying containers through Ro-Ro barges are not envisaged to pay wharfage as they are carrying the containers for shipment or delivery, which have to pay wharfage at the terminal.
	(iv). Withdrawal of the concession / exemption in the wharfage rate for some of the cargo items.	(iv). The proposed SOR has been standardized, simplified and rationalized, and withdrawal of any concession/ exemption in wharfage rate for some item of cargo is a part of the above. The purpose of extending concession and exemption in wharfage for some kind of cargo is to increase the cargo traffic and for non-utilisation of wharf facilities respectively. Hence such concessions are proposed to be withdrawn.
	(v). Reduction in free period in respect of salvage goods and shut out cargo from existing 7 / 12 days to 3 days.	(v). The Port has given free period of 7 days for import cargo and 12 days for export cargo. For salvaged cargo and shut out cargo, as they have not materialized as import or export as such, a reduced free period has been proposed. The frequency of such occurrence is rare and hence the financial implication due to this change is meagre.
	(vi). Impact of 89-92% reduction proposed in demurrage charge.	(vi). Demurrage is a penal clause for over stayed cargo over and above the free period. The existing demurrage charges are slab based telescopic rates at extremely higher rates compared with other neighbouring Ports. Therefore, the Port has taken initiative to rationalize the slab rates in the proposal as a trade promotional measure.
	(vii). Proposal to recover storage charge for transit area allotted on license basis (slab-wise increasing rate with increase in the stay of cargo).	(vii). The slab wise license fee for transit area was proposed to avoid congestion in the wharf area and to discourage the overstay of cargo in such area to the detriment of other users wanting such facility. The financial implication will not be quantifiable.
	(c). Impact of tariff increase proposed in Chapter IV and Chapter V pertaining to hire charges for port equipment and miscellaneous charges along with the financial impact of the modifications proposed in the conditionalities.	(c). Wharf equipment includes electric shore cranes and light duty fork lift trucks. Most of the equipments are outdated and the capacity is also not adequate for handling the present cargo traffic. The cost of first operation of shore handling has been included in the composite berth hire charges and the equipment charges proposed under Chapter IV is for second operations only. The utilisation of cranes is less for second operation for the past few years due to the above mentioned reasons. The estimated income for these proposed charges from 2009-10 to 2011-12 is meagre.
	(d). New tariff items (item-wise) proposed in the Scale of Rates which are being processed separately:	(d). The port has said that clarifications are sent separately.
	(i). Way leave charges for laying telephone / TV cable.	(i). With reference to its proposal on fixation of way leave charges, the port has not furnished any additional income at the rate proposed.
	(ii). Charges for Container Freight Station (CFS).	(ii). The COPT vide email dated 4 January 2010 has furnished revised statement indicating the income from the CFS as the existing tariff and the proposed rate. As

		per this statement, the income from CFS is assessed at Rs.105 lakhs for each years 2010-11 and 2011-12 December 2009 as against Rs.87.50 lakhs estimated at the existing tariff for the corresponding years.
	(iii). Charges for Floating crane F.C. Periyar / Dredger.	(iii). With reference to the proposal filed for revision in charges of Floating crane F.C. Periyar and Dredger, it has vide letter No.CAD/Costing/Tariff revision Proposal/2009 dated 2 November 2009 furnished income estimation at existing rates and not proposed rates. Subsequently, vide email dated 17 December 2009, the port has clarified that hire charges for Nehru Shatabdi is Rs.52000/- per hour was implemented on an ad-hoc basis w.e.f 26th February 2008 subject to approval of the TAMP. The income projected at Rs.550 Lakhs each for the years 2009-10 to 2011-12 are based on this ad-hoc rate. The dredger is hired out to outside parties on demand basis which is fluctuating as could be seen in the previous years. The COPT vide email dated 17 December 2009 has stated that the Floating Crane Periyar is hired out on demand basis which is fluctuating year to year. The anticipated income for the years 2009-10 to 2011-12 is Rs.12 lakhs each at existing rates as well as proposed rates. (iv). Subsequently on our request, the COPT has vide email dated 4 January 2010 indicated that the additional income receivable by way of land lease for the ensuing years 2010-11 and 2011-12 will be around Rs.1 to 2 crores approximately. Port has stated that no tender is received for area proposed at Vallarpadam, Ernakulam and Willington Island. In respect of land at Puthuvypeen, the amount quoted by was much lower that the estimated of the port and hence the tender was rejected. It expects to receive total upfront premium of Rs.3.57 cores for South End Reclamation Area for 30 years period.
7.	<u>Form 3B - Details of Expenditure</u>:	
(i).	As per clause 2.5.1. of the tariff guidelines, the expenditure projections has to be made with reference to current movement of Wholesale Price Index for all commodities and adjusted for traffic growth, if any, while furnishing the proposal for revision of tariff. The total operating cost is estimated to increase by 21.8% in the year 2008-09, 11% in the year 2009-10, 21.6% in the year 2010-11 and 3% in 2011-12 over the actuals / estimates of the respective previous years. The Management and General Overheads is estimated to increase by 29% in the year 2008-09, 47% in the year 2009-10, and 5% in each of the years 2010-11 and 2011-12 over the actuals / estimates of the respective previous years. Justify the disproportionate increase estimated in the operating cost and management and general overheads with reference to the current Wholesale Price Index.	Clause 2.5.1 of the tariff guidelines has been complied to the extent for traffic projection as per Five year plan/ annual plan and the current/ expected growth. Income projection has been made as per the cargo traffic projections. The expenditure projection has been made based on the approved BE 2009-10 and anticipated expenditure for the year 2010-11 and 2011-12. The cost statement has been revised/ updated based on the actual of 2008-09 and estimate of expenditure is as per approved BE 2009-10. Estimates of expenditure for the years 2010-11 and 2011-12 has been made based on the expenditure anticipated to be incurred namely employee cost (in view of forth coming wage revision), dredging cost, pension and other operating and administrative expenses.

(ii).	<u>Salary and Wage Cost</u>:	
	(a). The provision made for wage revision in the Annual Accounts 2007-08 and in the provisional Annual Accounts 2008-09 may be indicated along with detailed basis followed for estimating the same.	(a). A provision of 25% hike on existing wage cost which amounts to Rs.14.18 crores has been made in year 2007-08 as anticipated cost due to wage revision. No provision has been made in the accounts for the year 2008-09 (actual) and BE 2009-10 due to incidence of net loss.
	(b). Confirm that the estimate of salaries and wages cost estimated for the years 2009-10 to 2011-12 takes into consideration the impact of wage revision. The basis followed for estimating wage revision impact may be indicated.	(b). The estimated employee cost for the year 2009-10 to 20011-12 has also been modified after considering the impact of forthcoming wage revision on the basis of the expected hike @ 23% in the revised cost statement.
	(c). The average employee cost is estimated to increase by 7.9% in the year 2009-10, 10.4% in the year 2010-11 and 12.5% in the year 2011-12. Justify the increase estimated in the employee cost with reference to the current Wholesale Price Index for all the Commodities.	(c). The employee cost for the period 2009-10 to 2011-12 has been updated in the revised cost statement based on the anticipated hike in the ongoing wage revision settlement.
	(d). (i). The National Tribunal Award of 2006 on manning scales has already been notified. Clause 2.6.2 of the tariff guidelines requires the port to regularly review and adjust the manning scales / datum. Please clarify whether the proposal of the COPT is based on the revised manning scales. If not, please modify the estimation of salary and wage cost based on the revised manning scales awarded by National Tribunal, Kolkatta in 2006. (ii). Furnish the existing manning scales for different services, the manning scale proposed to be followed by the COPT and cost thereon for the traffic estimation made during the years 2009-10 to 2011-12 and also indicate the cost of surplus manpower, if any, for each of the years 2009-10 to 2011-12. Please fill the details sought in Form No.8 relating to adjustment of cost of surplus labour. (iii). Cost of surplus labour, if any, on account of privatisation of the container terminal and on account of implementation of revised manning scales may be adjusted from the revenue share received / receivable from the IGTPL as per the tariff guidelines. (iv). Confirm that the estimation of incentive payments are made based on the revised datum if announced in the National Tribunal Award of 2006.	(d). (i). The National Tribunal Award 2006 for revised manning scale for different operations/ functions has been implemented in Feb. 2009. Subsequently it was withdrawn due to severe labour unrest. However, an MOU has been signed with the Labour Unions for implementation of modified manning scales. Hence the award has not been considered while preparing the proposed SOR. Necessary action is being taken to conduct time and motion study for different operations in the Port. Modifications, if any, in the case of revision of manning scale and consequent reduction in employee cost will only be possible after the result of such studies. (ii). The details of existing and proposed manning scales of various activities/ services and its cost are furnished in Form no.8. (iii). At present there is no surplus labour in the Port. However 318 COPT employees now working in IGTPL will repatriate on 01/04/2010 when the IGTPL shift its operations from RGCT to ICTT. Clause No.2.8.3 of the Tariff guidelines has been complied. The employee cost for these employees has not been considered in cost estimate of the proposal for the years 2009-10 to 2011-12. (iv). Reduction of incentives is anticipated with the possible implementation of the revised/ modified manning scale in the future.
(iii).	<u>Power and Fuel Cost</u>:	
	(a). Justify 72.34% increase estimated in fuel cost in the year 2008-09 with reference to traffic growth rate of 1.83% estimated in the cost statement. Report by Indian Port Association states that the actual traffic handled in the year 2008-09 by the port (excluding containerised cargo	(a) and (b). The actual fuel cost for the year 2008-09 has been updated in the revised cost statement. The actual fuel cost for 2008-09 is Rs.6.39 cores. Fuel cost includes fuel supplied to the two nos. hired tugs engaged for SBM operations also. Estimates for the year 2009-10 to 2011-12 have also been modified accordingly.

	is 11.97 million tonnes shows 4.7% decline over traffic achieved in the previous year) and the inflation level of the year 2008-09.	
	(b). The actual expenditure incurred on fuel during the year 2008-09 may be indicated and the estimates for the subsequent years may be modified suitably.	
	(c). During the last tariff revision, the port had submitted that it is a Licensee of Kerala State Electricity Board and hence distributes power in the port area. The revenue, expenditure, overhead charges and the relevant net block pertaining to electricity supplied to outsiders were, therefore, excluded by the COPT while preparing the cost statement during the last tariff revision. Whereas in the current tariff revision proposal, no such adjustment seems to have been made since the Authority had accepted the approach followed by the COPT in the last general revision Order with reference to electricity distributed by the port to outsiders, the same treatment needs to be followed in the current tariff revision proposal for the past period 2006-07, 2007-08, 2008-09 as well as in the estimates for the years 2009-10 to 2011-12.	(c). In the case of Electricity distribution, since the Port is not segregating the activity from the core activities no separate accounts are maintained. The profitability statements for this activity has been prepared and submitted to Kerala State Electricity Regulatory Commission (KSERC) to comply with the statutory requirement. A detailed statement showing the income earned and expenditure incurred Aggregate Revenue Requirement & Estimated Revenue from Charges (ARR-ERC) for electricity distribution has to be submitted. ARR-ERC for the year 2008-09 (Actual) and estimates for the period 2009-10 to 2011-12 has been prepared and a copy of the same is furnished. Being a part of COPT's core activity the same has been included in the cost statements.
	(d). A statement showing the income realised from distribution of electricity to outsiders and expenditure incurred for procurement of power from Kerala State Electricity Board and other expenditure/ overhead incurred for offering such services may be furnished for the years 2006-07 to 2008-09 and estimates for the years 2009-10 to 2011-12.	(d). Profitability statement of Aggregate Revenue Requirement (ARR) & Estimated Revenue from Charges (ERC) for distribution of electricity to outsiders for the period 2008-09 (Actual) and estimates for the period 2009-10 to 2010-11 is furnished.
	(e). The actual average unit cost of power and fuel along with the total consumption made by the port during the years 2007-08 and 2008-09 and estimates for the future period 2009-10 to 2011-12 may be updated in Form 3B.	(e). The actual average unit cost of power for distribution licensee as well as Port's own consumption for the year 2007-08 & 2008-09 (actuals) and 2009-10 & 2010-11 (estimates) are available in the ARR-ERC report. Form No.3B has been accordingly modified for power and fuel cost.
(iv).	Dredging Cost: Explain the reasons for estimating increase in the quantum of silt to be dredged from 12 million cubic metre during the past three years to 18 million cubic metre from the years 2010-11 onwards. If the increase is on account of the maintenance dredging to be done for specific berths and facilities, then the cost should allocated in the relevant activity / sub-activity-wise cost statement instead of burdening all the vessels. The port may consider to propose differential vessel related tariff based on the services/ facilities provided to respective categories of vessels / berths.	Maintenance Dredging cost for 2008-09 (Actual) is updated. Estimates are arrived based on the requirements for subsequent years and also updated in the revised cost statement. It has vide email dated 17 December 2009 furnished documentary evidence in form of tender notice with reference to Maintenance Dredging cost estimated for the year 2009-10. The increase in quantity of silt by 6 million Cum (18 mcm – 12 mcm) is the incremental maintenance dredging anticipated from the period 2010 – 2011 onwards. This is for both inner and outer channels and also at the ICTT berth basin to maintain 14.5 mtr. draft for accommodating Mainline container vessels likely to call at the new

<table>
<tr><td></td><td></td><td>container berths at ICTT project. The incremental dredging cost estimated has been allocated to relevant main activities/ sub-activities for container vessels and balance allocated to other vessels separately in the revised cost statement. A differential vessel related tariff for different kind of vessel has been proposed accordingly.</td></tr>
<tr><td>(v).</td><td><u>Repairs and Maintenance Cost</u>:</td><td></td></tr>
<tr><td></td><td>(a). The port has not explained any reasons for estimating the repairs and maintenance cost to increase by 281% i.e. from Rs.157 lakhs reported in the year 2007-08 to Rs.598 lakhs in the year 2008-09 and increase of 86% in stores / spares cost in the ear 2008-09 over the actuals reported in the year 2007-08.</td><td>(a). The cost statement has been updated with the actual expenditure incurred for the year 2008-09. Estimates are based on approved BE 2009-10.</td></tr>
<tr><td></td><td>(b). Confirm that any one time major expenditure incurred by the port in the years 2007-08 and 2008-09 is excluded/adjusted while estimating the repairs and maintenance cost for the subsequent years 2009-10 to 2011-12.</td><td>(b). Breakdown and Preventive maintenance of the Port wharf equipments and floating crafts are periodically done to maintain these assets for present day operational requirements. Since most of the assets are old and outdated, repairs and maintenance of these assets are being done periodically. It is a routine maintenance as per R & M plan. The expenditure incurred in this regard will not be treated as a one time expenditure since they are inevitable.</td></tr>
<tr><td>8.</td><td><u>Form 3C - Details of fund position</u>:</td><td></td></tr>
<tr><td>(i).</td><td>A copy of the report of the actuarial valuation estimating the Pension Fund liability at Rs.650 crores as of 31 March 2009 may be furnished. Break up of actuarial valuation of Pension Fund in respect of existing employees and the pensioners as of 31 March 2009 may also be furnished.</td><td>Actuarial valuation of Pension Fund in respect of existing employees and pensioners was done by LIC on 31/03/2009, a copy of the same is furnished.

The break-up of actuarial valuation as on 31/03/2009 is as below:

<table>
<tr><td>Liability for existing employees</td><td>:</td><td>Rs.254 Crores</td></tr>
<tr><td>Purchase of annuity for existing pensioners</td><td>:</td><td>Rs.307 Crores</td></tr>
<tr><td></td><td></td><td>---------------------</td></tr>
<tr><td>Total (as per report of LIC)</td><td>:</td><td>Rs.561 Crores</td></tr>
<tr><td>Liability for Gratuity for existing employees</td><td>:</td><td>Rs.50 Crores</td></tr>
<tr><td>Liability provision for Dearness Relief (Employees & Pensioners)</td><td>:</td><td>Rs.39 Crores</td></tr>
<tr><td></td><td></td><td>---------------------</td></tr>
<tr><td>Total</td><td>:</td><td>Rs.650 Crores</td></tr>
<tr><td></td><td></td><td>---------------------</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>The details furnished in Form 3C show that the pension liability as per the actuarial valuation is estimated at Rs.650 crores whereas the balance available in the pension fund is estimated to be Rs.225 crores for the year ended 2008-09. Please indicate the steps proposed to be taken by the port to strengthen the pension fund.</td><td>Steps proposed to strengthen the pension fund by the Port are –

Cochin Port Pension Fund Trust and Gratuity Fund Trust have been constituted during the year 2008-09. Funds were transferred to fund managers like LIC & SBI Life on a phased manner. The details of the fund transferred as on 31/03/2009 are given below:
(Rs. in Crores)
<table>
<tr><th rowspan="2">Fund Managers</th><th colspan="2">Funds Transferred</th><th colspan="2">Returns Earned</th><th rowspan="2">Total Funds Available</th></tr>
<tr><th>Pension</th><th>Gratuity</th><th>Pension</th><th>Gratuity</th></tr>
<tr><td>LIC</td><td>138.65</td><td>10.00</td><td>10.01</td><td>0.79</td><td>159.45</td></tr>
<tr><td>SBI Life</td><td>20.00</td><td>0</td><td>1.24</td><td>0</td><td>21.24</td></tr>
<tr><td>Total</td><td>158.65</td><td>10.00</td><td>11.25</td><td>0.79</td><td>180.69</td></tr>
</table>
Considering the poor financial position, the port is not able to contribute to the Pension Fund for the next two to three</td></tr>
</table>

<table>
<tr><td></td><td></td><td>years. The contribution to pension fund will only be possible after commissioning of two major projects viz. ICTT & LNG Terminal, by then the financial position of the port is expected to improve.</td></tr>
<tr><td>(iii).</td><td>Contribution to pension fund indicated in Form 3C do not match with the RE 2008-09 and BE 2009-10. Please reflect the correct position.</td><td>Form 3 C has been revised to include the actuals of 2008-09 and BE 2009-10.</td></tr>
<tr><td>(iv).</td><td>Furnish the basis of estimating the year-wise contribution to pension fund.</td><td>Contribution to Pension Fund was made @ Rs.6 Crores per year from 1996-97 to 2007-08 on the basis of the formula in CCS (Pension) Rules.</td></tr>
<tr><td>(v).</td><td>Furnish the pension fund position for the years 2005-06 to 2008-09 as per the Annual Accounts and the estimates for the years 2009-10 to 2011-12 in the format (prescribed in the letter).</td><td>The pension fund position for the year 2005-06 to 2008-09 as per annual accounts and estimates for the year 2009-10 are furnished below:
(Rs. in Crores)
<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Particulars</th><th>05-06</th><th>06-07</th><th>07-08</th><th>08-09</th><th>09-10</th><th>10-11</th><th>11-12</th></tr>
<tr><th colspan="4">Actual</th><th colspan="3">Estimates</th></tr>
<tr><td>1.</td><td>Opening Balance</td><td>149</td><td>162</td><td>177</td><td>205</td><td>201</td><td></td><td></td></tr>
<tr><td>2.</td><td>Add: Annual Contribution</td><td>41</td><td>50</td><td>51</td><td>38</td><td></td><td></td><td></td></tr>
<tr><td>3.</td><td>Less: Pension Payments</td><td>41</td><td>44</td><td>46</td><td>48</td><td></td><td></td><td></td></tr>
<tr><td>4.</td><td>Add: Interest Accrued</td><td>13</td><td>9</td><td>23</td><td>6</td><td></td><td></td><td></td></tr>
<tr><td>5.</td><td>Closing Balance</td><td>162</td><td>177</td><td>205</td><td>201</td><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td>(vi).</td><td>Confirm that the annual pension payments made during the years 2005-06 to 2008-09 are met from the pension fund and not from revenue account.</td><td>Pension payments are met from Pension Fund Account. For the purpose, contribution is made regularly from revenue account.</td></tr>
<tr><td>9.</td><td>(i). The Sundry Receipts reported under the head Finance and Miscellaneous Income is Rs.408.38 lakhs in the Annual Accounts for the year 2007-08 and estimated to be Rs.500 lakhs in each of the years 2008-09 and 2009-10 as per RE/BE. Whereas the cost statements considers the Sundry Receipts at Rs.20 lakhs in the year 2007-08, Rs.120 lakhs in 2008-09 and Rs.121 lakhs in the year 2009-10. Furnish detailed break up of Sundry Receipts considered under the head Finance and Miscellaneous Income (FMI) in the cost statement and reconcile the position with reference to the items the Actuals 2007-08, 2008-09 and estimates in BE 2009-10.</td><td>(i). The port has furnished the items included under Sundry Receipts. The port has subsequently vide letter dated 7 December 2009 reconciled the FMI and FME reported as per Annual Accounts vis-à-vis the figures considered in the cost statement for the years 2006-07 to 2008-09 and 2009-10 with reference to BE figures.</td></tr>
<tr><td></td><td>(ii). Furnish break up of other expenses under the head Finance and Miscellaneous Expenditure (FME) considered in the cost statement for the years 2006-07 to 2008-09 actuals and estimates for the years 2009-10 to 2011-12.</td><td>(ii). Other expenses under F & M expenditure for the year 2006-07 to 2008-09 (Actual) and estimates includes contribution to Employee Welfare Fund, Family Security Fund, Contributory Provident Fund, bank charges and commission, fringe benefit tax, Board's contribution to CPF, Board's contribution to Gratuity Fund Trust, scrap of stores and spares and any other miscellaneous expenditure incurred.</td></tr>
<tr><td>10.</td><td>(i). As already stated in the last tariff Order [Para 10(vi)], the cost of dredging is to be allocated between port dues and berth hire based on the quantity of the silt dredged. Allocation of 54.21% and 28% of maintenance dredging cost from vessel related activity to POL under cargo handling activity in the years 2008-09 and 2009-10 is not in line with the accepted allocation basis. The Authority while</td><td>(i). The cost statement for POL under cargo handling activity submitted earlier includes the income from wharfage at SBM. A statement excluding the wharfage income from SBM operations is furnished vide email dated 17 December 2009. The wharfage receivable on SBM cargo for the years 2009-10 to 2011-12 is Rs.1950 lakhs, Rs.2375 lakhs and Rs.2375 lakhs respectively.

Separate cost statement for crude oil handled at SBM during 2006-07 to 2008-09 (Actual) and estimates for</td></tr>
</table>

<table>
<tr><td></td><td>considering such treatment given by the COPT during the last tariff revision had specifically advised the port to file a separate cost statement for crude oil for cargo and vessel related activity together at the time of the next tariff revision proposal as done by some of the other major port like Visakhapatnam Port Trust and New Mangalore Port Trust so that the cost of maintaining deeper draft for larger size oil vessels are not passed on to the small vessels which may not require such depth. The port has, however not complied with the advice rendered. The port is again advised to file a separate cost statement for crude oil for cargo and vessel related activity together for crude handled at SPM and at port berths.</td><td>2009-10 to 2011-12 are furnished. The port vide email dated 18 January 2010 has stated that the cost statements prepared for SBM operations are based on the inputs furnished by the BPCL for the years 2007-08 and 2008-09 actuals and estimates for 2009-10 and 2010-11. A summary position of the actual traffic at SBM and the estimated position given by the BPCL-KRL and considered by the COPT while arriving at the revised charges for pull back operations and pilotage fee is given below:
<table>
<tr><td rowspan="2">Particulars</td><td colspan="2">Actuals</td><td colspan="3">Estimates</td></tr>
<tr><td>2007-08</td><td>2008-09</td><td>2009-10</td><td>2010-11</td><td>2011-12</td></tr>
<tr><td colspan="6">Vessel Traffic (Nos.)</td></tr>
<tr><td>(i). Coastal</td><td>7</td><td>36</td><td>44</td><td>44</td><td>44</td></tr>
<tr><td>(ii). Foreign</td><td>17</td><td>45</td><td>34</td><td>40</td><td>40</td></tr>
<tr><td>Total</td><td>24</td><td>81</td><td>78</td><td>84</td><td>84</td></tr>
<tr><td colspan="6">Size (GRT)</td></tr>
<tr><td>(i). Coastal</td><td>278908</td><td>1420358</td><td>1628000</td><td>1628000</td><td>1628000</td></tr>
<tr><td>(ii). Foreign</td><td>1270125</td><td>3896898</td><td>3510000</td><td>4535000</td><td>4535000</td></tr>
<tr><td>Total</td><td>1549033</td><td>5317256</td><td>5138000</td><td>6163000</td><td>6163000</td></tr>
<tr><td colspan="6">Pull Back Operation (hrs.)</td></tr>
<tr><td>(i). Coastal</td><td>189</td><td>1029</td><td>1179</td><td>1179</td><td>1179</td></tr>
<tr><td>(ii). Foreign</td><td>719</td><td>1720</td><td>1549</td><td>2002</td><td>2002</td></tr>
<tr><td>Total</td><td>908</td><td>2749</td><td>2729</td><td>3181</td><td>3181</td></tr>
</table></td></tr>
<tr><td></td><td>(ii). From the sub-activity-wise cost statement, it is understood that the dredging cost is equally allocated to all the sub-activities i.e. port dues, berth hire and even pilotage. Explain the reasons for deviating from the approach prescribed in the format for submission of tariff proposal with reference to allocation of the dredging cost.</td><td>(ii). Vessel Related charges of COPT are on higher side when compared with neighbouring ports like TPT & NMPT. In such a scenario, if the maintenance dredging cost is allocated only to Port Dues and Berth Hire, the tariff for such vessel related activities would have escalated considerably, resulting in loss of trade and possibility of diversion of vessels from the Port. In order to keep the tariff at a competitive level, the maintenance dredging cost has been allocated equally for all the three sub-activities. Since the Port is incurring heavy expenditure on maintenance dredging, a separate treatment is considered necessary.</td></tr>
<tr><td>11.</td><td>(i). The basis of allocation of Management and General Overhead, Finance and Miscellaneous Income and Finance and Miscellaneous Expenditure between various activities / sub-activities may please be indicated. Also, confirm whether it is in line with the General Instructions given in Form 5 of the cost format.</td><td>(i). The cost of Management & General Administration and F & M expenditure has been allocated on the basis of the direct cost of each main activities and sub-activities and F & M income is allocated on the basis of direct income of each main activities and sub-activities.</td></tr>
<tr><td></td><td>(ii). Confirm whether the cost statement for main activities / sub-activities are prepared in line with the general instruction given in Form 5 of the cost format.</td><td>(ii). It has confirmed that cost statement has been prepared adhering to the general instructions given in Form 5 of the format except in case of allocation of maintenance dredging cost, management & general overheads, F & M income and expenditure.</td></tr>
<tr><td></td><td>(iii). With reference to the year 2007-08, the figures reported in the Annual Accounts of 2007-08 and the figures of the previous year i.e. 2007-08 reported in the Annual Accounts of 2008-09 are found to be different with reference to FMI and estate income. Please intimate which document is the correct one and has to be referred.</td><td>(iii). In case of the break-up of salaries and wages for the year 2009-10it is submitted that out of the Rs.9314 lakhs as per Form 3B, Rs.2983 lakhs and Rs.1343 lakhs are estimated to vessel related and cargo related activities respectively. The balance amount is estimated and included in the Estate related and Management & General Administration expenses. Since there is no separate format for type wise expenditure break-up in case of Estate & General management, the same has not been provided.</td></tr>
</table>

<table>
<tr><td>12.</td><td><u>Capital Employed</u>:</td><td></td></tr>
<tr><td>(i).</td><td><u>Gross Block</u>:</td><td></td></tr>
<tr><td>(a).</td><td>Confirm that the additions proposed to the gross block of assets are in accordance with the planned expenditure stated in BE 2009-10 and sanction of the Government, wherever necessary, is obtained in this regard.</td><td>Additions proposed in Gross Block of Assets in BE 2009-10 are in accordance with the approved plan outlay by the Government of India.</td></tr>
<tr><td>(b).</td><td>Furnish the present status of execution of the proposed project and expected month and year of commissioning / recommissioning of the various assets proposed to be added to the gross block of assets in the years 2009-10 to 2011-12. Please furnish supporting documents in this regard.</td><td>Current status of the Projects proposed to be commissioned are furnished below:

2009-10
<table>
<tr><th>Sl. No.</th><th>Projects</th><th>Current status</th></tr>
<tr><td>1.</td><td>Replacement of two tugs</td><td>The first tug was taken over on 22/05/2009 and the second one on 27/08/2009. Both the tugs are in operation.</td></tr>
<tr><td>2.</td><td>Reconstruction of Mattancherry Wharf</td><td>Construction work of main berth approach bridge and surfacing works are in progress. Overall physical progress as on 30/09/2009 is 87%</td></tr>
<tr><td>3.</td><td>Computerisation</td><td>Work is in progress. Overall physical progress in 90% as on 30/09/2009</td></tr>
<tr><td>4.</td><td>Fire fighting facilities</td><td>Tendering process is in progress.</td></tr>
</table>

2010-11
<table>
<tr><th>Sl. No.</th><th>Projects</th><th>Current status</th></tr>
<tr><td>1.</td><td>Capital dredging</td><td>Work is in progress. Overall physical progress is 40% as on 30/09/2009</td></tr>
<tr><td>2.</td><td>2 nos. level luffing crane</td><td>Yet to initiate.</td></tr>
<tr><td>3.</td><td>Development of Willingdon Island</td><td>Overall physical progress in 91% as on 30/09/2009</td></tr>
</table></td></tr>
<tr><td>(c).</td><td>Confirmed that the entire proposed expenditure in each of the years will be capitalised in the books of accounts of the same year and also the assets worth the equal amount will be physically available for operation in the very same year.

It may be noted that only completed and fully commissioned assets will be considered for capital employed. The work in progress should be excluded. A confirmation in this regard may be furnished.</td><td>Assets expected to be completed/ commissioned in the same year has been taken into consideration in the cost statement for the purpose of computation of capital employed. Work-in-progress of the capital assets anticipated has not been considered.</td></tr>
<tr><td>(d).</td><td>The port has proposed addition of Rs.8100 lakhs in the year 2009-10 for replacement of two tugs. It has, however, not considered any deletion of existing tugs from the gross block of assets. The effect of sale value receivable, if any, from sale of the existing asset may also be recognised in the cost statement.</td><td>The existing tugs namely Tug Cochin and Tug Kondungalore have not been disposed off so far. Hence they are not removed from the assets.</td></tr>
<tr><td>(e).</td><td>The capital cost for reconstruction of Mattancherry wharf estimated at Rs.6200 lakhs in the year 2009-10 does not match with the sum of the project cost estimated at Rs.4900 lakhs in RE 2008-09 and BE 2009-10. The correct position may be indicated and the cost statement may be modified, if necessary.</td><td>The port has stated that the cost statement has been modified. The revised cost statement, however, continues to show the estimated capital cost for the reconstruction of Mattancherry wharf at Rs.6200 lakhs in 2009-10.</td></tr>
<tr><td>(f).</td><td>As per Clause 3.8 (C) (b) of the License Agreement entered with the IGTPL, the</td><td></td></tr>
</table>

<table>
<tr>
<td></td>
<td>COPT is required to undertake capital and maintenance dredging of the common user approach channel and basins in front of berths as required for 14.5 mtrs. draft vessel. With reference to Rs.381 crores additions proposed to in the year 2011-12 towards capital dredging for ICTT project of the IGTPL as per the LA terms , the following points need to be clarified:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i). Indicate the sanction amount of capital expenditure proposed towards deepening of channels / berth and the year-wise plans of the capital expenditure. Furnish a copy of the said sanction report.</td>
<td>(i). Sanctioned amount of Capital Expenditure for Dredging (with reference to ICTT Project) is given below:

(Rs. in Crores)
<table>
<tr><td>Budgetary Support by Grant in Aid</td><td>:</td><td>297.42</td></tr>
<tr><td>By Working Capital Loan</td><td>:</td><td>83.83</td></tr>
<tr><td>Total</td><td>:</td><td><u>381.25</u></td></tr>
</table>

A copy of the sanction letter No PD-110011/2/2006-COP dated 19 November 2009 from the Ministry of Shipping, Road Transport and Highways (MSRTH) is attached to substantiate the estimate. The MSRTH letter dated 19 November 2008 states that out of Rs.381.25 crores, Rs.297.42 crores shall be funded through grant in aid by the Government and the balance Rs.83.83 crores will be by way of loan assistance. It has again vide email dated 31 December 2009 clarified that since the funding is through non-refundable Grant-in-aid, interest does not accrue on the same.</td>
</tr>
<tr>
<td></td>
<td>(ii). Confirm if the work has been awarded, if so, furnish the details with documentary support. The period of completion of the proposed capital dredging project may also be indicated.</td>
<td>(ii). The work was awarded on 27/11/2008 and the expected date of completion of the capital dredging project is 31/01/2010. The copy of the execution of work awarded to M/s.Jaisu Shipping is furnished.</td>
</tr>
<tr>
<td></td>
<td>(iii). Since the proposed investment for capital dredging is mainly for the new container terminal at Vallarpadam, it is not clear why the financial burden should be passed on to all vessels even those who may not be using Vallarpadam facilities.</td>
<td>(iii). A separate proposal for vessel related charges for container vessels calling at ICTT is included in the revised SOR proposal enclosed after considering the proportionate cost of dredging.</td>
</tr>
<tr>
<td></td>
<td>(iv). Clause 2.8.3 of the tariff guidelines require the major ports to utilise the funds available in the escrow account (which is created from the receipt of revenue share from private operator) for the purpose of creation/ modernisation of port infrastructure facilities within the stipulated time period. In this context, explain why the proposed expenditure on capital dredging can not be funded from the balance available in the Escrow account in accordance with the provision prescribed in the tariff guidelines.</td>
<td>(iv). (a). The clause 2.8.3 in the TAMP guideline will not be applicable to COPT in the case of treatment of royalty received from IGTPL. Unlike in case of other Ports, the revenue generated from RGCT operations by the Port was a main stream of income before handing it over to IGTPL. It may be noted that RGCT, a full fledged container terminal, developed and operated by the Port was handed over to IGTPL as it is. Hence the royalty income cannot be maintained and operated through an Escrow Account. The Capital Expenditure for various infrastructure development projects of the Port were met from Port funds from 1995-96 to 2008-09, the details of which are furnished below:
(Rs. in crores)
<table>
<tr><th>Year</th><th>Port Fund</th><th>Budgetary Support</th><th>Plan & Non-plan Expenditure</th></tr>
<tr><td>1995-96</td><td>20.44</td><td></td><td>20.44</td></tr>
<tr><td>1996-97</td><td>8.69</td><td></td><td>8.69</td></tr>
<tr><td>1997-98</td><td>10.12</td><td></td><td>10.12</td></tr>
<tr><td>1998-99</td><td>20.47</td><td></td><td>20.47</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><td></td><td></td><td>
<table>
<tr><td>1999-00</td><td>23.54</td><td></td><td>23.54</td></tr>
<tr><td>2000-01</td><td>15.61</td><td></td><td>15.61</td></tr>
<tr><td>2001-02</td><td>11.67</td><td></td><td>11.67</td></tr>
<tr><td>2002-03</td><td>11.89</td><td></td><td>11.89</td></tr>
<tr><td>2003-04</td><td>16.3</td><td></td><td>16.3</td></tr>
<tr><td>2004-05</td><td>12.97</td><td></td><td>12.97</td></tr>
<tr><td>2005-06</td><td>16.53</td><td>18</td><td>34.53</td></tr>
<tr><td>2006-07</td><td>33.52</td><td></td><td>33.52</td></tr>
<tr><td>2006-07</td><td>33.52</td><td></td><td>33.52</td></tr>
<tr><td>2007-08</td><td>56.14</td><td></td><td>56.14</td></tr>
<tr><td>2008-09</td><td>107.96</td><td></td><td>107.96</td></tr>
<tr><td>Total</td><td>365.85</td><td>18</td><td>383.85</td></tr>
</table>
Since port assets are very old and out dated, funds were utilised to meet the capital expenditure for various developmental activities. The Port is now facing a severe financial crisis due to stagnancy of vessel and cargo traffic.
(b). The Port has subsequently vide email dated 17 December 2009 clarified that it had not created Escrow Account so far; instead, the Revenue shares (Royalty) received from IGTPL were transferred to the General Reserve Fund of the Port. Since most of the Port’s operational assets were very old and outdated, these had to be replaced and renovated to ensure smooth operation of the Port. Due to severe shortage of funds in the Port, the capital expenditure for this was met from the General Reserve Fund. It is submitted that the Port had not availed any budgetary support from GoI for various capital expenditure since 1995-96, except for capital dredging in 2005, even after being in a poor financial position.
(c). Capital dredging is one of the requirements of the agreement of the ICTT project to be fulfilled by the Landlord Port within the stipulated time frame. Hence the project is viable only through budgetary support from GoI since Port is not having adequate funds to meet the capital expenses from internal resources.
</td></tr>
<tr><td>(g).</td><td>The port proposes to add two level of luffing crane in the year 2010-11 at estimated cost of Rs.3500 lakhs. Please clarify whether it is replacement of the existing crane. If so, our observation made at 13 (i) (e) above may be addressed for this item also. If the level of luffing crane is for new service, port may furnish a separate cost statement for fixing the tariff for this crane taken into consideration the estimated cost for providing the service in line with the format prescribed in Form -C.</td><td>The existing shore cranes are very old and obsolete for cargo handling operations. The proposed purchase of level luffing crane is replacement of existing assets only. The anticipated scrap value, if any, for the existing crane is negligible hence the whole replacement cost has been considered in the purchase estimate.</td></tr>
<tr><td>(h).</td><td>The administration report for the year 2007-08 states that LNG / LPG terminal at Puthuvypeen with an initial capacity of 2.5 million tonnes per annum is expected to be commissioned in 2011 and work in this regard is already awarded. Please indicate the status of this project and the date of commissioning of the project. Clarify whether the cost statement takes into consideration additional vessel / cargo traffic and additional income</td><td>The construction work of LNG terminal at Puthuvypeen is in progress. Since the project will be commissioned in April 2012, the actual performance is not coming under this tariff setting period hence vessel/ cargo traffic and its income and expenditure have not been considered.</td></tr>
</table>

	thereon with reference to the proposed project. If so please furnish the details. Annual revenue share receivable from the proposed LPG / LNG terminal and the treatment given in the cost statement may please be indicated.	
(i).	Indicate the addition to the existing capacity and the additional traffic, if any, likely to be handled due to replacement of some of the equipment, reconstruction of the north cargo berth and Mattancherry wharf.	Since the proposed procurement of equipments and re-construction of berths and wharves are as a part of replacement of existing assets only, there is no additional capacity or additional traffic anticipated.
(j).	The estimated capital cost of Rs.1500 lakhs towards computerisation has been fully allocated to coal and other cargo sub-activity. Please clarify whether the proposed investment is exclusively for coal and other cargo. If not, the proposed investment may be allocated amongst various activities / sub-activities on appropriate basis.	The estimated capital investment of Rs.15 crores towards computerisation have been allocated to vessel, cargo and estate activities in the proportion of Rs.6 crores each to vessel and cargo activities and Rs.3 crores for estate activity. The amount of Rs.15 crores shown in Form 5 A(iv) under the head Coal and other cargo is the sum of the allocated estimate of computerisation Rs.6 crores and Rs.9 crores as the cost of fire fighting facilities. The full amount of Rs.9 crores have been brought under the head 'Coal and others' is due to the shifting of crude oil handling from COT to SBM and the wharfage rate at SBM has already been fixed as per MOU between COPT and BPCL-KRL and not cost basis. Also, fertiliser cargo traffic is very low and the berth is dedicated to FACT cargo only.
(k).	(i). The gross block of assets classified as business related assets in Form 4A is found to be significantly lower than the actuals / estimates furnished by the COPT at the time of last general revision proposal. For example- the gross block pertaining to Roads, installation for water / electricity classified under business related assets during last tariff revision were to the tune of Rs.205 lakhs and Rs.473 lakhs in the year 2005-06 and Rs.559 lakhs and Rs.452 lakhs in the year 2006-07. Whereas the assets not categorised as business related assets in Form 4A with reference to these asset group is Rs.2 lakhs and Rs.27 lakhs respectively in each of the years 2006-07 to 2011-12. Part of the land cost is considered as business related assets for these years which were not considered during the last tariff revision. The reasons for these variations in classification of assets into different categories with reference to the approach followed in the last tariff revision may be explained. (ii). The basis on which the assets have been classified as business assets and business related assets may be explained. (iii). Also, clarify the basis on which some of the social obligation assets are treated as business related assets and confirm whether which categorisation is in line with Clause 2.9.8. of the tariff guidelines.	(i) (ii) and (iii). While preparing the current general tariff revision proposal asset segregation method was reviewed and it was felt that hospital though as a supporting service, 100% beneficiaries are only port employees / pensioners and it is also as a sensitive activity for core business operation. Hence treated as a business assets instead of business related assets in the said proposal.

<table>
<tr><td></td><td>Furnish details of assets classified as business assets, business related assets and social obligation assets in the years 2006-07 and 2007-08.</td><td></td></tr>
<tr><td>(l).</td><td>The RE 2008-09 / BE 2009-10 shows various additions to the gross block of assets which do not seem to have been factored in the cost statement.</td><td>The cost statement has been updated / revised based on the actuals for the year 2008-09 and BE 2009-10.</td></tr>
<tr><td>(m).</td><td>The basis of apportionment of capital employed between various main activities and sub-activities may be explained.</td><td>The capital employed has been allocated on the basis of assets created / used for corresponding main / sub-activity.</td></tr>
<tr><td>(ii).</td><td><u>Working Capital</u>:
Furnish detailed computation of working capital estimated in Form 4A following the norms prescribed in the tariff guidelines.</td><td>The computation of working capital considered for the year 2008-09 (from Audited Annual Accounts) is as given below:

(Rs. in Lakhs)
<table>
<tr><td>Current Assets</td><td></td><td></td><td>36473</td></tr>
<tr><td>Less: Current Liability</td><td></td><td>24517</td><td></td></tr>
<tr><td>Less: Pension fund</td><td>3234</td><td></td><td></td></tr>
<tr><td>GPF</td><td>5521</td><td></td><td></td></tr>
<tr><td>Contribution Prov. Fund</td><td>186</td><td></td><td></td></tr>
<tr><td>Contribution Pen. Fund</td><td>5</td><td>8946</td><td>15571</td></tr>
<tr><td>Working Capital</td><td></td><td></td><td>20902</td></tr>
</table></td></tr>
<tr><td>13.</td><td>(i). The creation of maintenance of a separate escrow account for revenue share / royalty receipt is mandated by the Government policy is contained in clause 2.8.3. of the tariff guidelines. On being pointed out the Government policy during the last tariff revision, the COPT had agreed to maintain separate escrow account from the year 2006-07 onwards. The Annual Accounts of the port for the years 2006-07 and 2007-08 does not show separate escrow account created for this purpose. As stated in the last tariff Order, furnish the escrow account for the years 2006-07 to 2008-09 to review the position of receipt and utilisation made from the escrow account. Also, furnish the information of the revenue share transferred to the Escrow account in the year 2005-06 and utilisation, if any, therefrom in the said year.

(ii). Clause 2.8.3. of the tariff guidelines stipulate that 50% of royalty / revenue share receivable by the landlord port from the private operators after meeting the cost of surplus labour is to be transferred to escrow account and should be utilised for creation / modernisation of port infrastructure facilities within a period of five years. The investment made out from the escrow account will not qualify for ROCE when the facility is so funded by the escrow account are put into use. Provided that entire accrual will be taken as revenue of the port for tariff fixation, if the funds in escrow account are not utilised for the stated purpose within the stipulated time. The details furnished by the COPT in Form 4A and Form 9 do not</td><td>(i) and (ii). The clause 2.8.3 in the TAMP guideline will not be applicable to COPT in the case of treatment of royalty received from IGTPL. Unlike in case of other Ports, the revenue generated from RGCT operations by the Port was a main stream of income before handing it over to IGTPL. It may be noted that RGCT, a full fledged container terminal, developed and operated by the Port was handed over to IGTPL as it is. Hence the royalty income cannot be maintained and operated through an Escrow Account.

At present Port is not having surplus labour due to privatisation of the container terminal activity and hence the revenue share earned from the year 2005-06 to 2008-09 has already been utilised for various capital projects of the Port. The details of the Royalty earned and amount spent for various capital projects are shown in Form No 9 of the cost statement. COPT employees now working in IGTPL will repatriate to the Port only by April 2010 after the commissioning of ICTT. Thereafter only the surplus labour will arise. Owing to a poor financial position, the Port had no option but to use these funds only to meet the huge revamping costs of assets.</td></tr>
</table>

	show any investment funded or proposed to be funded from the escrow account. As per the said provision in the tariff guidelines, the revenue share receipt transferred to the escrow account in the year 2005-06 is to be utilised within five years period i.e. 2009-10. Likewise, revenue share receipt transferred to the escrow account in the years 2006-07 and 2007-08 need to be utilised by 2010-11 and 2011-12 respectively. The COPT may, therefore, consider utilising funds from escrow account to meet the additions proposed in the gross block towards creation / modernisation of port infrastructure during the years 2009-10 and 2010-11. As stated in 13(i) (g)(iv) above, the proposed capital dredging project in the year 2011-12 may be funded from the escrow account.	
14.	The sum of the net surplus / deficit indicated in the sub-activity-wise cost statements do not match with the net deficit estimated in the vessel related activity. The port may, therefore, furnish the cost statement for other sub-activities which are not provided so that there is no mismatch while consolidating in the figures from sub-activity-wise cost statement to main activity and then arriving at the consolidated cost position for the port as a whole.	The other sub-activities like dredger Nehru Shatabdi, Water Supply are also separately shown in the revised cost statement of vessel related activity Form 5 B (i) & (iii).
15.	Form 6 - Analysing of Efficiency and Productivity Improvement, Form 8 - Adjustment of cost of surplus manpower and Form 9 - Accumulation / Withdrawals from Escrow Account are not filled by the COPT. The COPT may furnish the details in these forms.	Form Nos.8 and 9 has been filled and is furnished with the revised cost statement.
16.	The COPT has filed separate proposals for (a). fixation of way leave charges for telephone/ TV cable, (b). Fixation of hire charge for floating crane Periyar and dredger Nehru Shatabdi and, (c). Charges for facilities offered at CFS which are being processed separately. Please confirm and show that the expenditure/ overheads and the net block of assets considered in the general revision proposal takes into consideration the estimates furnished in each of the above mentioned three proposals for the years 2009-10 to 2011-12. Like wise, income estimated from the proposed tariff may also be shown as a separate entry in the consolidated cost statement as well as relevant activity/ sub activity-wise cost statement in line with the income estimated in the individual proposals.	(a). The tariff for way-leave charges for telephone and TV cables is a new item and has been proposed separately based on the similar tariff levied and collected by Cochin Corporation from its users. The user of the telephone/ TV cables are mostly port employees / port users hence only a nominal rate has been proposed to cover the supervision/ survey activity by the Port. The TV Cable operators are using the Port's electric posts, similarly telephone operators are using Port land/ road for laying cables. There is no capital expenditure for this facility offered by the Port to the operators. Such operators are using the Port assets which already exists. The anticipated income from this sub-activity for the period 2009-10 to 20011-12 is meager and hence shown as nil. The operating cost for the Port is the periodical supervision costs; hence we have not shown any separate cost statement for this activity. Estimate of expenditure will be part of the cost sheet submitted for the Estate activity. (b). Floating Crane Periyar was commissioned in 1966 and the economic life time of 25 years is already over. The net fixed asset of the craft is zero so that the capital

<table>
<tr><td></td><td></td><td>employed does not include this item. The income earned and the direct cost incurred as per Audited Annual Accounts from the period 2006-07 to 2008-09 and estimates from 2009-10 to 2011-12 has been prepared and is attached with the revised cost statements. Separate cost statement for dredger Nehru Shatabdi has also been prepared and is attached with the revised cost statements. As per the cost statement furnished by the COPT, net deficit from both the services at the existing tariff is as follows:
(Rs. in lakhs)
<table>
<tr><th>Years</th><th>Floating Crane Periyar</th><th>Dredger Nehru Shatabdi</th></tr>
<tr><td>2006-07 (Actuals)</td><td>-124.77</td><td>-317.17</td></tr>
<tr><td>2007-08 (Actuals)</td><td>-56.32</td><td>-825.51</td></tr>
<tr><td>2008-09 (Actuals)</td><td>-72.89</td><td>+353.89</td></tr>
<tr><td>2009-10 (Estimates)</td><td>-202.72</td><td>-731.00</td></tr>
<tr><td>2010-11 (Estimates)</td><td>-93.90</td><td>-297.95</td></tr>
<tr><td>2011-12 (Estimates)</td><td>-115.08</td><td>-297.95</td></tr>
</table>

(c). While submitting a separate proposal for CFS the profitability statement has been arrived at from Audited Annual Accounts and other departmental inputs. Once the container operations are shifted from RGCT to ICTT, it is anticipated that the usage of CFS will decrease. The estimated income and corresponding expenditure for the ensuing years from 2010-11 to 2011-12 are included in the revised cost statement.</td></tr>
<tr><td>17.</td><td><u>Form 7</u>:</td><td></td></tr>
<tr><td>(i).</td><td>In the analysis of actuals vis-à-vis the estimates, the estimates considered by the Authority in the last tariff Order must be adjusted for tariff increase granted in the said Order for a like to like comparison with actuals for the years 2006-07 and 2007-08.</td><td>Form 7 has been updated and is enclosed with revised cost statement.</td></tr>
<tr><td>(ii).</td><td>In the last tariff revision, estimated pension payments were considered. Since the Annual Accounts do not report the actual pension payment, the same may be indicated for the years 2007-08 and 2008-09 and also considered in Form 7 while comparing with the estimates.</td><td rowspan="2">(ii) and (iii). Actuals for the year 2007-08 and 2008-09 have been considered in Form 7.</td></tr>
<tr><td>(iii).</td><td>The COPT has furnished details of pension payment and break up of net fixed assets under different categories for the year 2006-07 vide its letter No.FA/Costing/SOR/2007 dated 9 August 2007 which may be updated in Form 7.</td></tr>
<tr><td>(iv).</td><td>Categorise the net fixed assets reported in Annual Accounts 2007-08 and Provisional Accounts 2008-09 into business assets, business related assets and social obligation asset as per the tariff guidelines. The ROCE may be calculated for these categories of assets at the applicable rate of return.</td><td>The net fixed assets reported in Audited Annual Accounts for the year 2007-08 & 2008-09 (Actual) has been categorised as business & business related assets in Form 4A, ROCE has also been calculated on the same basis.</td></tr>
<tr><td>(v).</td><td>Reconcile the actuals considered in the statement with the actuals reported in the Annual Accounts for all the items viz. Operating income, Operating cost, Depreciation, Finance and Miscellaneous Expenditure, Finance and Miscellaneous</td><td>Reconciliation statement between the Audited Annual Accounts and income and expense considered in the cost statements is furnished.</td></tr>
</table>

<table>
<tr><td></td><td>Income, Management and General Administration facilities, Net fixed assets, etc. for the years 2006-07 to 2008-09.</td><td></td></tr>
<tr><td>18.</td><td>The cost statement for estate activity shows an average deficit of 81% for the years 2009-10 to 2011-12. Please explain why this deficit should be subsidised by other activities. The Authority has always held that port estate should be optimally and commercially exploited so that estate revenue can supplement the port's core functioning. The revised tariff guidelines of 2005 also recognise this position. Please furnish a consolidated cost statement for port as whole excluding the estate and railway activities.</td><td>The cost statement for estate activity has been revised after considering the license fee from IGTPL from the period 2006-07 to 2009-10. The Port has already identified the unutilised Port land in W/Island, Vallarpadam, Puthuvypeen area and action is being taken to lease out the same as per land policy guidelines issued by GoI. Once the allotment process is over, the Port will be able to generate income from the lease rent of land, which will improve the surplus position of the Port.</td></tr>
<tr><td>II.</td><td><u>GENERAL</u>:</td><td></td></tr>
<tr><td>1.</td><td>The Authority has allowed flexibility to all major ports to reduce the rates prescribed in the Scale of Rates at their discretion mainly on commercial considerations. Such reduction, if any, effected by the COPT may be listed out and the consequential effect of such concessions granted on growth of traffic and impact of such reduction on the revenue may be analysed item-wise and furnished.</td><td>The concessional rates were granted to following vessels/ cargo:
<table>
<tr><th>Sl. No.</th><th>Type of concession</th><th>Concession</th></tr>
<tr><td>1.</td><td>Mainline Container Vessel</td><td>50% of Vessel Related Charges</td></tr>
<tr><td>2.</td><td>Cable Ship – Asean Explorer</td><td>Concessional Berth hire charges</td></tr>
<tr><td>3.</td><td>Cruise Vessels</td><td>33 1/3% of Vessel Related Charges</td></tr>
<tr><td>4.</td><td>Timber Vessel</td><td>40% on Wharfage</td></tr>
</table>
(Traffic growth and additional income in view of the concessions allowed cannot be drawn from the statement furnished by the port as Annexure-9.)</td></tr>
<tr><td>2.</td><td>The port may examine whether any of the services qualifying under Section 42(3) of the Major Port Trusts Act are offered by any service provider authorised by the port. If so, the COPT may initiate action with reference to Chapter 7 of the tariff guidelines.</td><td>The port has only two projects under section 42(3) of the MPT Act namely, ICT Terminal at Vallarpadam and LNG Terminal at Puthuvypeen. The tariff proposal for the ICTT has already been submitted to TAMP by IGTPL separately, which has been approved subsequently. The concessional agreement between COPT and M/s.LNG Petronet was signed on 12th March 2009. The construction work of LNG terminal is in progress and is expected to be commissioned in 2012-13, the tariff for the same shall be submitted later by M/s.LNG Petronet.</td></tr>
<tr><td>3.</td><td>The revised tariff guidelines stipulate the tariff should be linked to benchmark levels of productivity. The COPT has not indicated anything about productivity levels to be maintained for various operations / services. These may be included in the Scale of Rates and the levels so adopted may be explained.</td><td>The port has already implemented ERP system for integrating whole activities of the port. Once the system is stabilized and streamlined, the port will be able to generate various MIS reports which will be used for benchmarking level of the performance for various activities.</td></tr>
<tr><td>4.</td><td>Confirm that there are no PPP projects to be commissioned in the port of Cochin within the three year period under review. If any project is to be commissioned, the financial implications may be included in the cost statements.</td><td>There are only two PPP projects namely Bunkering Terminal & International Cruise Terminal in the pipeline within the current tariff setting period. The feasibility study has already been completed for these two projects. In the case of bunkering terminal, it is in the tender processing stage. International Cruise terminal project is in the pre-tendering stage. Hence it is not possible to quantify financial implications of these two projects at this stage.</td></tr>
<tr><td>III.</td><td><u>SCALE OF RATES</u>:</td><td></td></tr>
<tr><td>1.</td><td>The COPT has proposed many changes in the existing tariff as well as in the conditionalities governing the Scale of</td><td>The existing SOR has been restructured, re-grouped and modifications of definitions and terms and conditions had been done based on the report of Draft Model SOR issued</td></tr>
</table>

<table>
<tr><td></td><td>Rates. The comparison of current and proposed Scale of Rates furnished by the COPT does not disclose the reasons for the proposed change and the financial impact thereon. It also does not cover the modifications proposed in the conditionalities. For clear understanding of changes, a comparative statement may be furnished showing in juxtaposition the existing Scale of Rates and the proposed Scale of Rates with remarks explaining / justifying reasons for the proposed changes and the financial impact thereof.</td><td>by TAMP. In addition to this the existing SOR has been standardised simplified and rationalised to meet the present requirements of Port operations. There is no financial impact for such changes.</td></tr>
<tr><td>2.</td><td>Section 1.1 – Definitions</td><td></td></tr>
<tr><td>(i).</td><td>Item (iv) - The existing Scale of Rates reckons Day as period of 24 hours from the time the service is rendered. Explain the reasons along with the implications of modifying the definition of Day to state 24 hours will be reckoned from 0600 hours of a day and ending at 0600 hours on following day in the proposed Scale of Rates.</td><td>For operational convenience the definition of day has been revised to suit the shift timings of the port. There is no other implication.</td></tr>
<tr><td>(ii).</td><td>Item (xiv) and (xvii) - The modifications proposed in the definitions of the two terms “Inner Harbour” and “Outer Anchorage” may be explained along with its financial impactions.</td><td>The definitions have been standardised in the proposed SOR by providing clear land mark positions as against buoy numbers. There is no other implication.</td></tr>
<tr><td>(iii).</td><td>Item (xxi) and (xxiv) - Furnish the source from where the definition of the terms “Single buoy mooring” and “Ship to Ship” is proposed to be included in Scale of Rates of the COPT.

The proposed definition of the term Ship to Ship is mixed up with the definition of transhipment and hence may be reviewed.</td><td>The definitions for SBM and STS have been proposed based on the actual operations carried out in the Port.

The definition for STS has been limited to bulk liquid and gas cargo, whereas transhipment covers all cargo / containers. Hence the proposal may be accepted.</td></tr>
<tr><td>3.</td><td>Section 1.2 - General Terms and Conditions</td><td></td></tr>
<tr><td>(i).</td><td><u>Note no. (vi) (a) and (b)</u>:
The proposed conditions may be modified by prescribing a specific interest rate for delayed payments by users / delayed refunds by the port based on the prevailing Prime Lending Rate of the State Bank of India.</td><td>As suggested by TAMP, the said condition has been modified and penal interest rate is proposed at 13.75%.</td></tr>
<tr><td>(ii).</td><td><u>Note no. (ix)</u>:
Explain the reasons for deleting the existing Note no. (viii) (b) and (c) from the said note.</td><td>The clauses have been removed from the SOR since they are provided for in the MPT Act, 1963 under Section 55.</td></tr>
<tr><td>(iii).</td><td><u>Note no. (x)</u>:
Confirm whether the said note is relevant with reference to the proposed Scale of Rates. If not, then it may be deleted.</td><td>Note no. (x) under the head 1.2 General Terms & conditions of the existing SOR Page 4 is not relevant and hence has been deleted in the proposed SOR.</td></tr>
<tr><td>(iv).</td><td>(a). Increase in foreign-cruise vessel traffic in the last three years 2006-07 to 2008-09 on account of 33 1/3% concession granted in the vessel related charges as per the existing Scale of Rates may be indicated.</td><td>(a). The foreign cruise vessel traffic and its revenue for the last three years from 2006-07 to 2008-09 is given below:
(Rs. in Lakhs)
<table>
<tr><th>Particulars</th><th>2006-07</th><th>2007-08</th><th>2008-09</th></tr>
<tr><td>No. of Vessels</td><td>38</td><td>46</td><td>35</td></tr>
<tr><td>GRT</td><td>835793</td><td>830467</td><td>1188600</td></tr>
<tr><td>Port Dues</td><td>43</td><td>43</td><td>73</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td></td><td>

Pilotage	147	121	199
Berth Hire	20	24	19
Total	**210**	**188**	**291**

</td></tr>
<tr><td></td><td>(b). Explain the reasons for proposing to delete the existing concession available to foreign-cruise vessels.

(c). The additional revenue likely to accrue at the existing rates in view of withdrawing the concession may be indicated for each of the years 2009-10 to 2011-12 along with detailed working.</td><td>(b). There is no steady growth in traffic as well as vessel related income for the last three years due to concessional vessel related charges for cruise vessels. Hence the concession is proposed to be withdrawn.

(c). Due to the withdrawal of this concession, the Port is expected to generate additional revenue on an average of Rs.1.5 crores per year at the existing level of vessel traffic during the period from 2009-10 to 20011-12.</td></tr>
<tr><td>(v).</td><td><u>Note (xiii)</u>:
The Authority had in the last tariff Order in para 10 (xvii) advised the COPT to take adequate insurance cover and include the insurance cost in the tariff fixation in line with clause 2.14 of the tariff guidelines at the time of the next tariff revision along with suitable modification in the relevant provision in the Scale of Rates. Please confirm whether the suggestion has been complied with while formulating the current tariff revision proposal. If so, the proposed note no. (xiii) (a) and (b) may be modified suitably in line with the advice rendered in the last tariff Order.</td><td>The port has taken insurance policy for specific assets like GHD Nehru Shatabdi, Channel Buoys, Godown Building, Oil Berth and its equipments, speed boats etc. with risk coverage including standard fire and special perils, earth quake, larceny, terrorism etc. However, the negligence caused while operating these equipments by the users cannot be covered under the insurance. Hence the said clauses have been included in proposed SOR.</td></tr>
<tr><td>(vi).</td><td><u>Note no. (xiv)</u>:
The conditions proposed in Note no. (xiv) prima facia appear to be conditions of lease / license agreement. Hence explain why they need to be incorporated in the proposed Scale of Rates.</td><td>The notes have been provided separately to give more clarity and emphasis to the terms and conditions to the Port users.</td></tr>
<tr><td>(vii).</td><td><u>Note no. (xv)</u>:
The existing note (c) relating to concession applicable on container related charges is deleted in the proposed Scale of Rates and no specific reason is given for deleting the existing provision.</td><td>COPT is not handling/ expected to handle any container in the present tariff period. Hence note no.(d) was deleted in the proposed SOR.</td></tr>
<tr><td>(viii).</td><td>The Note no. (xvi) prescribed in the existing Scale of Rates stating that the users will not be required to pay charges for delays beyond a reasonable level attributable to the COPT is deleted in the proposed Scale of Rates without citing any specific reason for deleting the existing provision.</td><td>Such cases are rare and hence deleted.</td></tr>
<tr><td>4.</td><td>Chapter-II – Vessel Related Charges</td><td></td></tr>
<tr><td>(i).</td><td>2.1.1 - Schedule of Port Dues</td><td></td></tr>
<tr><td>(a).</td><td>The frequency of payment of port dues in respect of coastal vessel is proposed to be modified from existing unit of levy of once in 30 days to “per entry basis”. The number of vessels which arrived more than once in 30 days in the last two years 2007-08 and 2008-09 and income therefrom at the existing tariff level may be indicated. The additional revenue likely to accrue from coastal vessels in view of the proposed change in the frequency of payment of port dues may</td><td>The required details are not readily available.</td></tr>
</table>

	be furnished for each type of coastal vessels for the next three years.	
(b).	Since most of the tankers are expected to be handled at SPM and also that GRT of such vessels will be higher than the normal vessels, justify the highest rate of port dues proposed for this category of vessel in comparison to the other vessels.	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 SBM too. The risk involved for vessel operations, monitoring, control etc. are huge when compared with other vessels. Hence the proposed hike.
(ii).	**2.1.2. Concession in port dues**	
(a).	Explain the reasons for proposing 100% concession in port dues for the new entries under Sl. No. 3 (ii), (iv), (v) and (vi).	Since vessels in the said conditions are calling at the port in case of emergency, national importance, adhere to the directions from GoI or any environmental threats which is beyond Port's control, it proposes to offer 100% concession in port dues to these class of vessels.
(b).	Sl. No. 3 (vii) - The existing Scale of Rates exempts levy of port dues in respect of vessels belonging to the President of India, State Government, Union Territories and Foreign Sovereign but not running commercial purpose. The said note is modified to state that any vessel belonging to services of Central Government or State Government will be exempted from levy of port dues. It appears the intention is to exempt port dues payable by any Central Government or State Government vessels even if they come for commercial purposes. Please clarify.	The said clause 3 (vii) under head 2.1.2 has been modified by including the words "non-commercial" in the proposed clause.
(iii).	**2.2.1. Schedule of Pilotage fees**	
(a).	The reasons and the basis of proposing uniform pilotage fee for container vessels and other vessels may be explained. At the proposed rate, the impact of increase will be more on container vessels in comparison to other vessels. The distance involved for offering pilotage services at SPM, Vypeen, Vallarpadam and other port berths may not be the same. The proposal of the port for levy of uniform pilotage fee for vessels calling SPM or any berths may, therefore, be justified.	The schedule of pilotage fee has been amended and a separate pilotage fee for SBM, container vessel at ICTT and other vessels has been worked out based on the cost incurred for the year 2008-09 (actual) and to be incurred for the period from 2009-10 to 2011-12. A necessary amendment has been made in the revised SOR.
(b).	While fixing the charges for the operations at Single Point Mooring (SPM) the COPT had reported that two high powered tugs are taken on hire by the port exclusively for both pilotage as well as pull back operations at SPM operations. In view of the difficulty expressed by the port in furnishing various cost elements involved in pilotage services for SPM operations, the Authority had as an interim measures approved the proposal of the port to continue with the existing pilotage fee for vessels to be handled at SPM subject to the condition that the port will formulate a well analysed proposal based on the actual cost incurred for offering the pilotage service while finalising the general revision proposal due in March	A separate proposal for SBM operation has been worked out based on the actuals 2008-09 and estimates for 2009-10 to 2011-12. The cost statement and its workings are enclosed. The proposed SOR has been amended after inclusion of the separate rates for SBM operations.

	2009. The port was also advised to consider the suggestion made by the BPCL-KRL about utilisation of tug partly for other purposes of the port when they are not in use of SPM operations. The port is, therefore, again advised to propose pilotage fees of SPM operations based on the cost involved for offering the services also taking into consideration the distance involved. While doing this exercise, the port may also consider proposing differential pilotage rate for different berths at Vallarpadam, Vypeen and port berths taking into consideration the difference in the cost in view of difference in the distance of offering pilotage services to each of these berths.	
(iv).	**2.2.2. Schedule of Miscellaneous Pilotage fees**	
(a).	<u>1 & 2 - Pilotage fee and Shifting fee for Sailing Vessels / Barges</u> (i). The vessel below 200 tonnes and above 200 tonnes may be made explicit to clarify whether it is NRT or GRT. (ii). The unit of levy may be indicated clearly in the schedule 2 - Shifting fee. The schedule may be shifted to Schedule 2.2.3. which relates to shifting charge. (iii). Port has not proposed separate shifting rate for foreign-going vessel and coastal vessel under this category though it has proposed such differential rate for pilotage fee.	(i), (ii) and (iii). Necessary amendments have been made in the revised proposed SOR.
(b).	The reason for proposing 100% increase in detention charges and cancellation charges as against 40% increase proposed for other vessel related tariff items may be explained.	In the case of pilot detention and cancellation the financial impact is more and it will affect the schedule of pilotage program and huge consequential loss to the Port. Hence to discourage this type of activities higher rates are proposed.
(c).	<u>5. Pilotage fees for dredgers</u>	
	(i). Indicate how long the pilots are normally required to stay in case of normal vessel and in case of dredger (other than port dredging) to justify the rate proposed for this item.	(i). The pilot service is required for 4 to 5 hours for both inward and outward pilotage for normal vessels. In case of dredger other than Port dredger, the same hours are required.
	(ii). Increase of 50% proposed in pilotage fees for dredgers other than for port dredging may be justified with reference to increase in cost of service provided.	(ii). The rate has been amended in the revised proposed SOR. The rate originally proposed at 12000 per 8 hours is reduced to Rs.11200 per 8 hours in the revised proposal.
	(iii). The circumstance requiring the port to introduce pilotage fees for additional dredger used for port dredging over and above the dredgers permitted in the dredging contract may be explained. The port may also confirm whether deployment of additional dredger is in line with the provision in the dredging contract and same may be substantiated with documentary support.	(iii). The deployment of additional dredger is in line with the provisions in the existing contract.
(v).	**2.2.3. Schedule of Shifting Charges** The shifting charges is proposed to be increased from existing 25% of the	The shifting charges for different vessels have been amended in the revised proposed SOR.

	pilotage fee to 50% which works out to almost 188% increase in respect of container vessel and 180% in respect of other vessels from the existing tariff level. Justify the reasons for such steep hike in shifting charge as against 40% increase proposed for other tariff items. During the last two general revision of Scale of Rates, the Authority had advised the COPT to propose shifting charges on GRT basis based on the cost involved for shifting of vessels from one berth to another or from berth to any other point based on the cost of the services while formulating the next tariff revision proposal. Shifting charges between the berths may be proposed on per GRT of vessels with reference to the cost of service provided for shifting a vessel between the respective berths without linking it to pilotage fees as advised in the earlier tariff Orders. The charges may be proposed in three tier slabs with sliding rates on incremental GRT as per clause 6.10 of the tariff guidelines.	
(vi).	**2.2.4. Schedule of Floating craft charges**	
(a).	The existing Scale of Rates prescribes a uniform rate for pilot launch and other launches at Rs.350 per hour or part thereof. The reasons for segregating it into two tariff items in the proposed Scale of Rates may be explained.	(a) and (b). The reason for two tariffs for pilot and other launches is that the operational cost for pilot launch is comparatively higher than that of other launches. Hence a differential rate has been adopted.
(b).	The fee for pilot launch is proposed to be increased by 757% i.e. from existing Rs.350 to Rs.3000 per hour or part thereof. The increase proposed in the pilot launch may be justified with reference to increase in the cost of service provided / additional service provided and also in the light of the fact that 40% increase is proposed in other tariff items.	
(c).	New tariff items proposed for speed boat at Rs.13,500 per hour or part thereof (for twin screw) and Rs.6,000 per hour or part thereof (single screw) may be justified with reference to the details of capital cost/ cost of operations, etc.	The two speed boats have been procured for Port operation to maintain marine safety and security and for use during emergency. The capital cost and date of commission of the two tugs are available in the 'attachment to form 4B'. The boats are of new generation and were commissioned in January 2009, to operate the boats it requires skilled man power and the fuel consumption is also high. The operational cost will vary depending upon the usage of the boats. The rate has been fixed at par with that of Mooring Tug charges in the existing SOR.
(d).	As already advised in the last tariff Order, the rates for dredger, other equipment / floating craft may be proposed under capacity range of these equipment / floating craft instead of proposing the rates with reference to their individual names.	Each floating craft is not having unique nature of capacity and identity and the nature of operations are different, also the usage of resources like manpower, fuel etc. vary, hence a separate rate has been proposed based on names.

<table>
<tr><td>(vii).</td><td>2.2.5. Charges for the use of Port’s Dry Dock</td><td></td></tr>
<tr><td>(a).</td><td>Explain the reasons and the basis for proposing to introduce increasing dry dock charges in four slabs based on stay of the vessel.</td><td rowspan="4">The higher rate was proposed in the first slab for the purpose of meeting the cost of dredging in front of the dry dock at the time of docking and undocking of the vessels. The differential rate has been proposed in order to avoid undue use of dry docking facilities due to failure on the part of user which affects the whole dry docking plan of the Port. The intention is to make the user adhere to the schedule of events agreed during the contract. Port dry dock facilities are very old and will be able to accommodate smaller crafts only and also draft available in front of the dry dock is very low and it is being used for dry docking of Port’s floating crafts only. The dry docking facilities are provided to outsiders only when the dry dock is unoccupied by the Port’s crafts. At present other public and private dry docking with most modern facilities which are capable of accommodating new generation crafts are present in and around the Port waters. There is severe competition in the area among these service providers and there is no much scope for the Port dry dock. Due to the high rate prevailing in the other dry docks, the smaller crafts tends to use Port’s facilities for a longer period of time which prevents the dry docking of Port’s own crafts. To avoid such misuse such rates have been proposed. The revenue earned by the Port by outsourcing of the dry dock facility during the last three years is negligible when compared with Port’s operating income.

2006-07-Rs.10.73 Lakhs (0.05% of operating income)
2007-08-Rs.3.36 Lakhs (0.01% of operating income)
2008-09-Rs.22.13 Lakhs (0.1% of operating income)</td></tr>
<tr><td>(b).</td><td>The increase proposed in the dry dock hire charges is to the tune of 238% for stay of vessel upto 10 days, 576% to 745% increase for the next two slab of the vessels. Furnish a separate cost statement for dry docking facility to justify the tariff increase proposed in this schedule along with financial impact of the proposed tariff for each of the years 2009-10 to 2011-12.</td></tr>
<tr><td>(c).</td><td>Notes 1 to 8: The port has proposed to introduce new rates under this schedule such as charges for fire fighting, connection and disconnection of shore supply, charges for tying the vessels at Dolphin, charges for removal and refitting the blocks, hire charges of dry dock cranes, etc. Since dry docking services are not a new facility but the existing one, please clarify the existing tariff arrangement levied by the port for offering these services.</td></tr>
<tr><td>(d).</td><td>Note no. 6 - Since the port is expected to work round the clock, it may not be unreasonable to assume that the cost statement reflects this position. In view of this, justify the proposed note about separate recovery of double the charges for use of dry dock crane.</td></tr>
<tr><td>(e).</td><td>The note no. (viii) in Schedule 1.2 in the general terms and conditions stipulates minimum recovery shall be Rs.100 per any bill/application. That being so, the note 9 proposed in this schedule to levy minimum charges for a period of 2 calendar seems to be superfluous and hence may be deleted.</td><td rowspan="4">No separate reply furnished by COPT to the queries raised at (e) to (i).</td></tr>
<tr><td>(f).</td><td>In view of our query at III - 3(v) above advising the port to take adequate insurance cover of port assets as per the tariff guidelines, the proposed Note no.10 may be reviewed or modified.</td></tr>
<tr><td>(g).</td><td>Note no.12 - Since the port is expected to work round the clock, justify the proposal to introduce levy of additional charge equivalent to 50% for docking and undocking of vessel on Sunday / Holidays. The cost statements would have, in any case, included the overtime charges paid / payable to the employees for working on Sunday / Holiday.</td></tr>
<tr><td>(h).</td><td>Note no.15 – Since the proposed note is not a tariff related matter but relates to procedural / administrative aspect, clarify why it should be included in the Scale of Rates to be approved by the Authority.</td></tr>
</table>

(i).	Indicate, additional revenue likely to accrue from the each of tariff items as well as conditions proposed to be introduced in this schedule for the years 2009-10 to 2011-12.	
(viii).	**2.3.1. Schedule of berth hire charges**	
(a).	The existing Scale of Rates prescribes separate berth hire rate for different group of berth and for stream mooring. The proposal of the COPT to discontinue with the existing structure and proposing a uniform berth hire for all the berths / stream mooring is not found to be in line with clause 6.5.1. of the tariff guidelines which stipulates that the berth hire charges shall be prescribed by grouping berths having comparable services / facilities with rebate for major components of services / facilities not provided. It has to be recognised that stream mooring will not have the facilities/ infrastructure otherwise available at a berth. Further, the facilities available and services offered at different berths will also not be comparable. The COPT is, therefore, advised to propose berth hire charges by grouping the berths having comparable services / facilities in line with the tariff guidelines.	(a) and (b). The single slab rate of berth hire charges proposed uniformly for all berths are based on the clause 6.10 of the TAMP guidelines.
(b).	As already advice in the last tariff Order, if the financial implication of proposing a single slab rate as against the existing 6 tiers structure is found to have significant impact on certain categories of vessels, the COPT may propose suitable slab structure to smoothen the impact as done by the Authority in the case of Visakhapatnam Port Trust and Mormugao Port Trust.	
(c).	Furnish a tabular statement showing number of vessels, average GRT of vessels handled for the past two years 2007-08 and 2008-09 and income and projections for 2008-09 to 2011-12 for both foreign-going vessels and coastal vessels for each of the existing slabs vis-à-vis the income anticipated at the berth hire rate (to be) proposed for different group of berths in the format:	The details for the years 2007-08 and 2008-09 based on actuals are furnished.
(d).	As per the License Agreement entered with IGTPL, the construction of International Container Transhipment Terminal at Vallarpadam is to be done by the IGTPL. Since the investment for construction of berth at International Container Transhipment Terminal will flow from the IGTPL, the arrangement for collection of berth hire from vessels arriving at the International Container Transhipment Terminal, Vallarpadam may be clarified. Also, clarify who will be collecting the berth hire charge for vessels arriving at the ICTT. If COPT is	As per clause no.3.8 (c) (i) a. COPT, the licensor is obliged to provide marine and port services for the vessels calling at ICTT. In addition to capital dredging, cost of maintenance dredging of channels, basin dredging to maintain 14.5 mtr. draft for accommodating higher capacity container vessels are to be borne by the licensor. Hence the berth hire charges for vessels calling at ICTT will be collected by COPT. A separate berth hire charge for ICTT berth has been proposed in the proposed SOR.

	entitled to collect such berth hire, no justification is furnished to maintain the hire charge at the same level as applicable for its other berths where the port has invested its funds to create them.	
(ix).	**2.3.2.Schedule of berth hire charges for Inland Water Barges**	
(a).	In the existing Scale of Rates, separate berth hire for sailing vessel is prescribed. Since no separate berth hire rate is prescribed for Inland Water Barge in the existing Scale of Rates, they get clubbed with sailing vessel category. In this context, explain the reasons for proposing a separate berth hire rate for Inland Water Barge.	(a) and (b) As a part of standardisation, the berth hire charges of Inland Water Barges has been proposed separately.
(b).	Explain the basis of arriving at separate berth hire charges for Inland Water Barges.	
(c).	The unit of tonne proposed in this schedule may be clearly mentioned so that it may not cause confusion with metric tonne or GRT.	Amended.
(d).	In the pilotage schedule, separate rate is proposed for sailing vessel / barge below 200 tonnes and above 200 tonnes. In the schedule of berth hire, the rate proposed is for Inland Water Barge for similar size of vessel. Please clarify under which category sailing vessel / barge below 200 tonnes and above 200 tonnes will be treated for levy of berth hire. Uniform terminology may be proposed to avoid any ambiguity if they refer to the same category of vessels.	The pilotage services rendered for both sailing vessels and barges are one and the same. But in the case of berth hire a separate water bed has been demarcated for inland water barges and sailing vessels. Hence a separate rate has been proposed.
(x).	**2.4. Supply of fresh water to vessels**	
(a).	Justify the proposed increase of 40% in supply of fresh water to vessels with increase in the cost of procurement of water and increase in other related service provided to vessels.	Fresh water supplied to ships is purchased from Kerala Water Authority (KWA). The KWA has increased the rates w.e.f 01/09/2008 from Rs.10.60 per KL to Rs.25/- per KL (136% hike). The operational cost and overheads for the activity has also increased. Hence the proposed hike of 40%.
(b).	There seems to be some typographical error in rate prescribed for foreign-going vessel in Sl.No.2 - Water supply through shore which may please be corrected.	Corrected.
5.	**Chapter III – Cargo Related Charges**	
(i).	**3.1. Schedule of wharfage for bulk and break bulk cargo**	
(a).	The port has proposed to reduce the wharfage charge for some of the cargo items such as thermal coal and other coal by 19%, Sand and Stones by 50%, Sugar by 35%, Metal by 1.8%. Explain why wharfage charge for only selected cargo items is proposed to be reduced. Also, explain the reasons for proposing reduction at different percentage level for different cargo items. Increase estimated traffic, if any, on account of reduction proposed in the wharfage rate for some of the cargo items may be indicated.	There is severe competition between COPT and other neighbouring ports like NMPT & TPT for handling cargo like coal, sugar, stone, sand, metal etc. To retain these cargo from diversification to other ports, the Port has adopted a marketing strategy to revise the wharfage rate on par with rates at neighboring Ports.

(b).	Wharfage charge may be proposed based on the cost of handling and special care required to be taken while handling and storage of cargo as prescribed in Clause 4.2.2. of the revised tariff guidelines. A brief note may also be furnished explaining how the proposed wharfage schedule satisfies the stipulations of the revised guidelines.	The advalorem wharfage rates have been removed in order to comply with the clause 4.2.2 of the TAMP guidelines and revised wharfage rate proposed is based on the cost of handling for such cargo.
(c).	The conversion factor applied for converting the existing wharfage rate on “per metric tonne” for Timber to “per cubic metre” basis may be explained along with calculation thereof.	Timber traffic at COPT for the last three decades till 2005-06 was zero. The Port has taken lot of efforts to bring this cargo by implementing a concessional wharfage rate Rs.34 per Indian Cu. m which is on par with TPT rate. This concessional rate was one of the requirements put forth by the importer and it was agreed by the management after a thorough study of timber traffic expected to be routed through Cochin. After implementation of this concession the flow of timber traffic is showing an increasing trend. It is a trade promotional measure adopted by COPT to attract more timber cargo traffic.
(d).	Explain the reasons for deleting the separate wharfage rate prescribed in the existing Scale of Rates in respect of Coffee, Motor Cars, Trucks, Oleoresins, Tea & Spices prescribed on advalorem basis and Synthetic resin on per metric tonne basis. The traffic handled in respect of each of these cargo items in the last three years i.e. 2006-07 to 2008-09 and estimates for the next three years 2008-09 to 2011-12 may be indicated.	(d) and (e). The cargo traffic and its income for these cargos are very meagre. The details of cargo traffic for the year 2006-07 to 2008-09 is furnished.
(e).	The basis on which wharfage rate for Sl.No.27 “Any item other than those specified above” is proposed at Rs.100 per tonne as against existing advalorem rate of 0.28% may be justified reference to average revenue earned per tonne for cargo items classified under this category in the past three years.	
(f).	Circumstances requiring the port to introduce wharfage rate of Rs.40/- per each cargo ticket of Rs.300/- for cargo / excess baggage carried by Lakshwadeep passengers may be explained. Why the rate for excess baggage / cargo is proposed with reference to a particular location and not for all passengers. The proposed note stating that Lakshwadeep Administration shall arrange to collect and remit the said charge to Cochin Port Trust is an administrative arrangement between the port and the Lakshwadeep Administration. Please explain why it should be included in the Scale of Rates to be approved by the Authority.	The charges are for the additional baggage carried by the passengers other than their personal baggage. The note proposed in the original proposal about remitting the charges by Lakshwadeep Administration to COPT is deleted from the revised proposed Scale of Rates.
(g).	Note no. 5 - The reason for modifying the documents based on which wharfage is assessed may be explained.	The changes in documents prescribed are made on the basis of draft Model Scale of Rates.
(h).	Note no.6 (b) and (c) – Explain the reasons why import cargo delivered through inland water barges and motor vehicles used for transportation of cargo /	Import cargo delivered through barges is not levied wharfage as the cargo has already paid wharfage when landed. Motor vehicles carrying containers through Ro-Ro barges are not envisaged to pay wharfage as they are

	containers through inland water barges handled by RORO or other than by RORO system are exempted from levy of wharfage.	being carried in containers for shipment or delivery, which have to pay wharfage at the terminal.
(i).	The reasons for withdrawing the exemption in the wharfage available to items prescribed in Sl. No. 7(iii), (iv), (v), (viii) and (x) may be explained.	(i) and (j). The reasons for withdrawing the exemptions for these items are that in all cases the cargos are using the wharf facilities.
(j).	The reasons for withdrawing the 50% concessional wharfage available in Note 10 of the existing Scale of Rates to ship stores, provisions for use of ship for consumption during voyage and coal or oil for bunker of the vessel may be explained.	
(k).	The Authority had vide letter No.TAMP/84/2002-Misc dated 31 December 2008 clarified to the port that demurrage charge is applicable for cargo left in port transit shed or yards and hence cannot be made applicable to floating bodies occupying the port water. The port was, therefore, advised to file a suitable proposal for levy of tariff in respect of any floating craft/ object occupying the port waters. The proposal of the COPT is levy the demurrage charge in respect of floating crafts / bodies is not found to be in line with the advice rendered by the Authority. The COPT is, therefore, advised to propose separate rates akin to berth hire / mooring charge (like in the case sailing vessel, etc.) in respect of any floating crafts / object occupying the water front area of the port along with conditionalities, if any, governing the application of rates.	Amended and included in the Berth hire charges for other vessels under item 2.3.3 (iii).
(ii).	**3.2. Demurrage Charges - 3.2.1. Free Period**	
(a).	The reasons for reducing free period for salvage goods and shut out cargo (removed without being shipped) from 7/12 days applicable as per existing Scale of Rates to proposed level of 3 days may be explained. Additional income likely to accrue on account of the proposed modification may also be indicated for each of the three years 2009-10 to 2011-12.	The Port has given free period of 7 days for import cargo and 12 days for export cargo. For salvaged cargo and shut out cargo, as they have not materialized as import or export as such, a reduced free period has been proposed. The frequency of such occurrence is rare and hence the financial implication due to this change is meager.
(b).	<u>Note no. 1 (b)</u>: Please confirm that the impact of the existing Note 1 (i) and the proposed note 1 (b) for reckoning free period for import cargo is the same. If not, it may be brought out separately.	The proposed change has been made to bring clarity and operational convenience.
(c).	<u>Note no.1 (d)</u>: The existing note no.1 (iii) stipulating notification of salvage by receiver of wreck is dispensed with the proposed note. Please confirm that it is in compliance with relevant statutory / administrative provisions.	The proposed change has been made to bring clarity and operational convenience.

<table>
<tr><td>(iii).</td><td>3.2.2. Schedule of Demurrage charges</td><td></td></tr>
<tr><td>(a).</td><td>In view of overall deficit position estimated by the COPT and also recognising 40% tariff increase proposed in most of the items except wharfage, the proposed reduction in the range of 89% to 92% in the Demurrage charges needs to be justified.</td><td rowspan="2">(a) and (b) The said reduction has been done on account of suggestions from Port users at various trade meets regarding the higher demurrage charges. Moreover demurrage does not account as a main stream of revenue, it is a penal clause for over stayed cargo after free period. Similarly the notes have also been rationalized.</td></tr>
<tr><td>(b).</td><td>The note no.3 (i) in the existing Scale of Rates is explicit about the period of levy of demurrage charge on shut out cargo. Explain the reasons for deleting the said note.</td></tr>
<tr><td>(iv).</td><td>3.2.3. Charges for Storage of Cargo at the specified Transit Areas on Licence Basis</td><td></td></tr>
<tr><td>(a).</td><td>Indicate the prevailing tariff arrangement for storage of cargo on license basis.</td><td>The prevailing tariff for storage of cargo on license basis is being levied as per the item no. 6. 2 (I) to (VI) in the existing SOR.</td></tr>
<tr><td>(b).</td><td>The Authority is governed by the guidelines issued by the Government in March 2004 on Land and Water Management policy of Major Ports for fixation of lease rentals / license fee for lands of Major Ports. The lease rent with reference to allotted of land on Permanent lease / Temporary lease is covered under Chapter VI - Estate Rentals. The basis on which the land for specified transit area on licence basis is separated from estate while proposing to introduce tariff under this schedule is not clear and hence may be explained.

Confirm whether the rates proposed to be shifted in this schedule under cargo handling activity from estate chapter is in line with the Government guidelines. Also, confirm whether the rates proposed in the schedule is in accordance with the Government guidelines of March 2004. If not, the basis of arriving at the proposed storage charge for covered / open storage area on slab-wise basis. Furnish detailed working for arriving at the proposed rate.</td><td>The regrouping of this item is done based on the draft model SOR. The slab wise license fee for transit area was proposed to avoid congestion in the wharf area and to discourage the overstay of cargo in such area to the detriment of other users wanting such facility. The financial implication will not be quantifiable. The proposed tariff for storage of cargo at specified transit area on license basis is for the area within the wharves or adjacent to the wharves.

The license fee proposed at the specified transit areas of the Port is in lieu of demurrage and therefore is a promotional measure to attract cargo. It is also envisaged to effectively utilise such transit area which would otherwise remain under utilised. Therefore the licensing of transit area which is proposed at a telescopic slab rate is distinct from that of estate rentals proposed at a uniform rate.</td></tr>
<tr><td>(c).</td><td>Furnish average dwell time of major cargo items during the last three years and the expected average dwell time in the next three years at the existing tariff structure as well as the proposed tariff structure.</td><td>The average dwell time for various cargo for the year 06-07 to 08-09 (actual) and 09-10 (estimate) for both existing and proposed tariffs are given below:
(in days)
<table>
<tr><th>Sl. No.</th><th>Cargo</th><th>06-07</th><th>07-08</th><th>08-09</th><th>09-10</th><th>10-11</th><th>11-12</th></tr>
<tr><td></td><td></td><td colspan="3">Actual</td><td colspan="3">Estimate</td></tr>
<tr><td>1</td><td>Dry Bulk</td><td>30</td><td>17.5</td><td>17.5</td><td>17.5</td><td></td><td></td></tr>
<tr><td>2</td><td>Break Bulk</td><td>16</td><td>15</td><td>15</td><td>15</td><td></td><td></td></tr>
<tr><td>3</td><td>Container</td><td>7</td><td>7.5</td><td>7.5</td><td>7.5</td><td></td><td></td></tr>
</table></td></tr>
<tr><td>(d).</td><td>As per the Government guidelines on Land Policy of March 2004, the license is for a maximum period of 11 months. It also stipulates that license can be renewed at the expiry of previous license period. However, each renewal of license shall be treated as fresh license. The proposed schedule does not mention about the time period of allotment of license which may be made explicit.</td><td>The licensing of transit area which is proposed at a telescopic slab rate in lieu of demurrage is distinct from that of estate rentals proposed at a uniform rate.</td></tr>
</table>

(e).	The specified transit area on license basis is proposed to be allotted vessel-wise. In view of the provisions available in Section 60 and 61 of the MPT Act empowering the major port to dispose of the cargo beyond the specified limit, explain why the rate is to be prescribed for stay of cargo beyond 60 days.	Section 60 & 61 of the MPT Act for disposal of cargo beyond specified time limit is applicable for cargo which is lying in the transit area without the cargo owner or his agent coming forward to take delivery. This provision does not apply to cargo lying in transit area allotted on license basis for the reason that the cargo owner or his agent has applied in advance for such storage for specified periods.
(f).	The port may propose suitable penal provisions in the proposed Scale of Rate to ensure that the area allotted (vessel-wise) on license basis is vacated within the time frame of allotment.	Penal provision has been incorporated in the allotment transit area on license basis by proposing the license fee at telescopic stab rates.
(g).	Since specified transit area is proposed to be allotted vessel-wise, the port may consider to propose the unit of levy of the storage charge on per square metre per week basis instead of per square metre per month basis.	A week is too short a period of storage considering the General cargo profile of Cochin Port which displays a much higher dwell time at the Port.
(h).	The proposed condition stating the cargo stored in the specified transit area shall remain at the risk and responsibility of the owners and the agents may be substantiated with the provisions in the Major Port Trusts Act and the settled position of the law.	The cargo stored at the specified transit area on license basis shall remain at the risk and responsibility of the owners an their agents due to the fact that the licensing of transit area is done on the basis of a formal application in advance from the concerned owner or agent.
(i).	A general note no.(viii) in Schedule 1.2. states that the minimum charge recovered shall be Rs.100/- in any bill / application. That being so, separate note proposed in this schedule to levy minimum charge of Rs.1000/- per allotment is superfluous and may be deleted.	The minimum charge of Rs.1000 is proposed for each allotment only in the case of licensing of transit area. The minimum charge of Rs.1000 translates into a minimum allotted area of 20 sq.m for covered storage and 25 sq. m for open storage at the transit area at the base rate. It may be appreciated that areas less than that specified above may not be practical for allotment to various Port users.
(j).	The charge for storage of cargo at specified transit area on license fee is proposed at Rs.50 per square metre per month for covered space and Rs.40 per square metre per month for open storage upto 30 days. Beyond the stay of 30 days increasing rates are proposed for storage of cargo. Whereas the license fee proposed in the Estate Rental Chapter is Rs.45 per square metre per month for covered space and Rs.35 per square metre per month for open space for area other than that specified under transit area. The differential rate proposed at transit area / other than transit area may be justified with reference to difference in the services / facilities provided.	The transit area is located within/near the wharf premises and hence the cargo enjoys wharf facilities like safety, security, fire fighting, lighting, etc. when compared with cargo stored elsewhere. Moreover the license fee at the transit area is proposed at telescopic slab rates in order to discourage overstay of cargo at the transit area.
(k).	The note granting discretionary powers to the port to permit owners / agents to move the cargo directly from the wharf and stack it in the Port area in Willingdon Island (other than the Transit area) need to be modified by specifying the circumstances under which the owners or other agents will be allowed to move the cargo directly to such stacking area other than the transit area to have a more transparent approach.	This condition is proposed in view of the fact that the cargo owners or their agents are free to move the cargo from the wharf to an area outside with due permission of the Customs and completion of Port formalities.
(l).	The financial impact of the proposed tariff on the users may be furnished.	Financial impact of this proposed tariff will be meagre.

(m).	The revenue earned from the storage facility at the existing tariff level for the same area which is now earmarked as specified transit area may be furnished for the years 2007-08 and 2008-09 indicating average stay of cargo. The revenue implication of the proposed rate may be furnished for the years 2009-10 to 2011-12 clearly indicating the revenue likely to be earned at the existing tariff level vis-à-vis the proposed tariff level.	The revenue earned for the said storage area for the years 2007-08 and 2008-09 are respectively Rs.2.47 Crores and Rs.3.83 Crores. The dwell time of the cargo is given at 5. (iv) (c) above. The revenue estimates for the year 2009-10 to 2011-12 at existing level of tariff is expected to be the same as above. In case of proposed tariff the estimation is not quantifiable, it may vary.
6.	**Chapter IV – Hire charges for port equipment**	
(i).	Justify the reasons for proposing 40% increase in the hire charges for port equipment in the Schedule 4.1.1. to 4.1.4. and 4.5 since the cost statement for cargo handling activities which includes the services relating to hiring of equipment shows an average surplus position of 7% during the years 2010-11 and 2011-12.	The cost of wharf equipments for first operation has been included in the composite berth hire i.e. ship to shore in case of import and shore to ship in case of import. The charges proposed under chapter IV for these equipments are for second and subsequent operations. The second operations by these equipments are a rarity and the income out of it is very meagre. Moreover, the revised cost statement enclosed shows a deficit from 2009-10 to 20011-12.
(ii).	The hire charges prescribed for light duty mobile crane for capacity above 10 tonnes is deleted from the proposed Scale of Rates presumably. Please confirm that the cost of such assets is excluded from the gross block if it has become obsolete and the effect of the sale value, if any, realised is recognised in the cost statement.	There was no light duty mobile crane above 10 ton capacity in the Port. The same was disposed off and accounted before the last tariff period. However the rates were shown in the SOR by oversight. Hence the same was deleted.
(iii).	**4.3. Charges for Floating crane & Oil Skimmer**	
(a).	Furnish detailed working for rate newly proposed charge for Oil Skimmer M.V. Venad.	Oil skimmer M. V. Venad is being used for Port purposes only, it will only be provided to outsiders when not in Port's use. Such occassions are very rare. Since the equipment is very old and risk involved is more we have proposed such rates for outside use.
(b).	As stated earlier, the rates for floating crane, oil skimmer may be proposed on the capacity range instead of prescribing the rates with reference to names of equipment as also advised during the last tariff revision.	The equipments are having different capacities and are used for different purposes, hence the rates cannot be proposed in capacity range.
(iv).	**4.4 Weighing charges**	
(a).	The existing per tonne rate for use of weighing scale and weigh bridge is proposed to be replaced with rate per vehicle i.e. for 20' / 40' trailers, Lorries, LCVs, etc. The financial impact of the proposed rate with reference to existing per tonne rate on the users may be indicated.	(a) to (c). At present COPT is not operating a weigh bridge of 60 Ton capacity. The rates have been proposed in the anticipated income to be generated from this service in near future. The proposed rates are much less as compared to the charges levied by the private operators in Willingdon Island. The estimated revenue will not be quantifiable at this stage. This may be seen as a proactive step.
(b).	The basis for arriving at the proposed rate for each type of the vehicles may be explained along with the calculations.	
(c).	The additional revenue likely to accrue to the port in view of proposed modification in weighment charges may be furnished along with calculation for each of the years 2009-10 to 2011-12.	

(v).	**Notes**	
(a).	The existing note stating that equipment shall be used normally within limits of the port is proposed to be deleted from note no.1. With reference to the proposed modification and note no.5 proposing to levy 200% of the respective rates for the equipment, if intended to be used for any purpose outside the port limits, please clarify whether the port is empowered under Section 42 (1) to hire the equipment outside the port limits.	The equipments will be provided to outside use only at the time of emergencies. The occurrences of such instance are rare.
(b).	The reasons for deleting the existing condition prescribed in note no.6 may be given.	It is a separate activity which involves high risk and requires skilled labour, at present the Port is not providing such services to outsiders. Hence the same has been deleted.
7.	**Chapter V - Container related charges**	
(i).	**5.1.1. Wharfage for Containers**	
(a).	Separate wharfage rate prescribed in the existing Scale of Rates for house stuffed / de-stuffed containers is proposed to be deleted. It therefore appears that wharfage on laden containers will be applicable for such category of containers. Please confirm our assumption is correct.	Containers (including house stuffed/ de-stuffed) are not handled by COPT but by IGTPL in the RGCT. The assumption made is correct.
(b).	50% premium over the rate for normal containers proposed in the wharfage rate for hazardous / explosives containers is not found to be in accordance with clause 5.7.3. of the tariff guidelines which prescribes premium to the extent of 25% on handling and storage of hazardous container. The tariff for this category of containers may be modified in line with the tariff guidelines.	The wharfage rate for containers with hazardous and explosive cargo has been amended as per clause 5.7.3 of the tariff guidelines.
(ii).	The container related charges proposed in Chapter V does not include charges for handling various types of containers and other related services. If the operations at RGCT are expected to revert back to the port during this tariff validity cycle, the port may consider proposing the charges relating to container handling activity and other related services likely to be offered by the port.	COPT is not going to handle container operations.
(iii).	**5.1.2. Ground Rent on Containers** The notes prescribed in the existing Scale of Rates under Schedule 4.2. Ground Rent on Containers is included in the proposed Scale of Rates. The existing conditions may be incorporated in the proposed Scale of Rates under this schedule.	Necessary conditions for ground rent on containers have already been included in the proposed SOR.
(iv).	**Schedule 5.2.1 to 5.2.2, 5.3 to 5.5** The port has filed a separate proposal in July 2007 for fixation of container / cargo related charges at CFS which is being processed by the Authority separately. The queries related to the said proposal will be raised separately and hence not included here.	Position Noted.

8.	**Chapter VI - Miscellaneous Charges**	
(i).	**6.2. Charges for use of Port's Fire equipment**	
(a).	The reasons for the increase in charges for use of fire tender or fire pump from Rs.350/- to Rs.8000/- per hour or part thereof may be justified with reference to increase in the cost of services provided and cost of additional services, if any, provided.	The rates for fire tender/ pump are proposed based on the total cost incurred and time consumed and also the huge risk involved.
(b).	Explain the reasons for proposing to introduce cost of consumables separately apart from the hire charge of fire tender / fire pump. Confirm and show that the hire charge proposed for fire tender/ fire pump does not include the cost of consumable.	Cost of consumables varies from case to case basis. Prior estimation of the same is not possible hence it is proposed separately.
(ii).	**6.3. Supply of water to the vessels by licensed agencies through Tankers**	
(a).	The port may clarify whether the tariff proposed in this schedule flows from the provision stipulated in 7.2. of the tariff guidelines.	Since there is a shortage of fresh water supply, the Port is not able to meet the demand of its users. The users directly make arrangements with private supplier through tankers. The Port is only permitting the tankers to enter port area on request of the users. It is a permit fee only.
(b).	Clarify whether the rate proposed is for supply of water to vessels or it is a license fee for permitting the tankers for supply of water to vessels. If the rate proposed is a license fee for the tanker, clarify why the rate for supply of water is not proposed to be regulated as per clause 7.2. of the tariff guidelines. As stated earlier, port may initiate action in terms of the said clause stipulated in the tariff guidelines.	It is only a permit fee proposed for the tanker. The supply of fresh water by the tankers to the vessels is not a regular activity. This is done only when there is a demand of fresh water by the vessels. As such this activity does not come under the purview of clause 7.2 of the guidelines.
(c).	If the rate proposed in the schedule is with reference to service offered by authorised agencies for supply of water to vessels, then please furnish details of actual cost of procurement of water and other associated cost incurred by such authorised service provider during the last two years 2007-08 and 2008-09 to justify the rate proposed for supply of water to vessels.	The arrangement is between the vessel agent and the tanker operators, as such no such data is available in the Port.
(d).	Furnish detailed calculation of cost of services to justify the proposed rate of Rs.200/- per tanker.	The rate proposed is only a nominal fee.
(e).	Clarify why the unit of levy is proposed on “per tanker” basis and not on the basis of consumption say “per 1000 litre” basis.	The rate has been proposed as a permit fee for the tanker.
(iii).	**6.4. Charges for issue of wharf entry permits to authorised visitors**	
(a).	To which category of user the biometric card will be issued at the proposed charge of Rs.200/- may be made explicit.	(a) and (b) A detailed revised proposal is included under this item.
(b).	There is no clause for renewal of entry permit. Does it mean the proposed charge of Rs.200/- per biometric card will be charged each time after its expiry. Please make the provisions explicit in this regard in the proposed Scale of Rates.	

(iv).	**6.5. Embarkation and disembarkation charges for international passengers in cruise vessels**	
(a).	Explain the basis of arriving at the proposed rate for embarkation / disembarkation of passenger.	(a) and (b). The proposed rate is only a transit fee for using the wharf area by the international passengers from the cruise vessels for the purpose of temporary landing and boarding. The estimated income will depend on the number of passengers embarked/ disembarked from the vessel.
(b).	Furnish the additional income likely to accrue at the proposed tariff level for the years 2007-08 to 2009-10.	
(v).	**6.6. Way leave charges/license fees, for laying pipeline/cable passing through the port premises**	
	As already stated earlier, the Authority is governed by the guidelines issued by the Government in March 2004 for fixation of lease rent. The Authority in the various Orders has held that way leave charges is to be prescribed at par with lease rent applicable for respective land of the Major Port Trusts. The port was, in this context, requested to confirm compliance with land policy 2004 with reference to its proposal for levy of charges for laying TV and telephone charges. The COPT has, however, not furnished clarification to this point. The COPT is again requested to clarify whether the way leave charges / licence fees prescribed in this schedule will be governed by the land policy issued by the Government in March 2004.	Though, port has stated that a detailed reply has been furnished, the reply to the query raised is not furnished.
(vi).	**6.9. Charges for Erecting Hoardings**	
(a).	The basis for proposing 78% to 257% increase in the charges for erecting hoardings may be justified with reference to increase in the cost of service provided.	(a) and (b) The increase proposed is based on the periodic field survey and supervision cost incurred by the Port.
(b).	Explain the reasons for increasing the security deposit from existing fixed amount of Rs.2500/- to one years charge applicable for respective hoarding.	
(vii).	**6.10. Passenger launches**	
(a).	The circumstance requiring the port to introduce the proposed tariff may be explained.	(a) and (d). Passenger launches are plying in the channels maintained by the Port. Port has incurred a huge capital investment as well as recurring cost for maintaining such channels. Hence the proposed charges is as a nominal user fee.
(b).	The services offered by the port for the proposed tariff may be indicated.	
(c).	The basis for arriving at the proposed rate of Rs.2000/- per launch per day may be furnished along with detailed calculation of cost for providing the service.	
(d).	Any particular user / user association offering passenger launch service offered at the port who need to be consulted on this tariff item may be indicated.	
(viii).	**6.11. Penalty charges for VCN cancellation** Explain the basis for arriving at the proposed rate of Rs.500 per VCN cancellation.	In the case of VCN cancellation the Port has to re-schedule the whole berthing plan of the vessel calling at the Port. Hence for discouraging this instances, the said rate as a penal clause is proposed.
(ix).	**6.13. License fee for the use of port's bunks**	
(a).	The existing Scale of Rates prescribes separate rate for old bunks and new	The rates proposed are to make the tariff rational, standard and uniform. The case mentioned in the query

	bunks for different sizes. Explain the reasons for removing such distinction between old and new bunks in the proposed Scale of Rates.	has been dismissed by the Hon. High Court of Kerala.
(b).	The basis for arriving at the proposed license fees for port bunks measuring 2.5 M x 1.5 M may be explained in the light of the fact that the existing Scale of Rates prescribes different set of rates for similar size of old / new bunks.	
(c).	The COPT during the last tariff Order had stated that the license fee for dues of port old bunks measuring 3.0 M x 2.5 M was under litigation in the Hon'ble High Court of Kerala and the case is pending. The current status of the court case in this regard may be intimated.	
(x).	**6.14. License fees for jetties, piers etc.**	
(a).	The existing Scale of Rates prescribes two separate license fees for jetties and piers and boatpen. Explain the reasons for clubbing these two items and proposing a uniform rate.	The usage for jetties, piers and boatpen are the same. Hence as a part of standardisation and simplification of the SOR the items has been clubbed.
(b).	The substantial hike proposed in the license fees for jetties, piers and boatpen from existing Rs.800 / 335 per unit per annum to Rs.7500 per unit per annum may be justified with reference to increase in the cost of service provided. Likewise, substantial hike proposed in slipways and inspection fees may also be justified.	The port has incurred a huge amount for capital as well as maintenance dredging and other expenditure like marine survey to maintain the channels to ensure a smooth flow of vessel movements. The private operators are constructing jetties, piers and boatpen in the dredged channel. The proposed rate is in lieu of user fee of the channel.
(c).	The port while processing the last general revision proposal had submitted that the license fees for jetties/ piers are not governed by the land policy guidelines issued by the Government. In view of this, the proposed note about 2% annual escalation in the rate may be deleted since this annual escalation clause in license fees is relevant only in case of license fee / lease rental governed by the land policy guidelines issued by the Government.	The necessary amendment has been made in the revised proposed SOR.
(xi).	**6.16 Toll Charges** Explain the basis for proposing toll charges for prime movers and chassis, cranes, pay loaders, which are new entries in the proposed Scale of Rates.	Toll charges are being collected by the Port Trust as user fee. Roads in Willingdon Island are being widened, upgraded and maintained periodically by the Port after incurring a huge investment for smooth and safe flow of vehicles. The cost has to be recovered from the vehicles using these roads depending upon the capacity of the vehicle. Hence a different tariff has been proposed for different categories of vehicles.
9.	**Chapter VII - Estate Rentals** The port has filed a separate proposal for revision of estate rentals. The port has already been advised vide letter No.TAMP/33/2007-COPT dated 8 May 2008 to reassess their market values under various options prescribed in the Government guidelines and derive lease rentals based on the valuation which is most beneficial to it. The port is advised to furnish the requisite information sought	The port had submitted a separate proposal for revision of estate rentals to TAMP complying with the Land Policy for Major Ports dated 08/03/2004. The proposal has been turned down by the TAMP and advised the port to submit a fresh proposal after reassessing the market value under various options prescribed in the Land Policy Guidelines and to derive estate rentals based on the valuation. The port has taken lot of efforts to obtain the market value as per various options given in the policy. As required in the policy, the Kerala State Government's Ready reckoner is not published. The registered price of land in the port

	in the said letter which will be considered while processing the proposal of COPT for revision of estate rentals. The proposal filed by the COPT for revision of lease rental will be processed separately following the Government guidelines and hence will not form part of the general revision proposal.	vicinity for the last three years has not been published by the Revenue Divisional Office, Cochin, Kerala. The port has attempted to tender the Port land periodically but the response received is poor. Hence the Port has appointed an approved valuer for this purpose. The approved valuer after thorough examination has submitted an interim report for the market value of land at Puthuvypeen, Vallarpadam, Bolgatty etc. on 6 July 2009. Based on the report, the port has submitted a separate proposal for those areas on 17 August 2009. The valuer has requested for extension of time to submit the final proposal for the whole Port Land. It has, therefore, requested to approve port's original proposal submitted for estate rentals vide our letter dated 4th June 2007. Now the port is levying lease rentals as per existing SOR including the annual escalations. The port may be allowed to continue with the same rentals upto 31st March 2010. In mean time the port will be able to submit the fresh proposal based on the valuer's final report.

8.1. Subsequently, the COPT vide email dated 11 December 2009 has further corrected the cost statements with reference to depreciation and management and general overhead and has furnished revised cost statements, main activity-wise / sub activity-wise cost statements and reconciliation statement.

8.2. To summarise, the main modifications made by the COPT in the cost statements are given below:

(i). The traffic, income, expenditure and capital employed for the years 2008-09 is updated based on 2008-09 actuals. The estimates for the subsequent years 2009-10 to 2011-12 are also modified.

(ii). The traffic for the years 2010-11 and 2011-12 are estimated at 15.70 million tonnes and 15.76 million tonnes in the revised cost statement as against 14.28 million tonnes and 14.30 million tonnes estimated in the original proposal.

(iii). The surplus / deficit position reflected in the revised cost statements submitted by the COPT at the existing tariff is given below:

Sl. No.	Activities / sub-activities	Surplus/deficit 2009-10		Surplus/deficit 2010-11		Surplus/deficit 2011-12	
		(Rs .in lakhs)	% of income	(Rs. in lakhs)	% of income	(Rs. in lakhs)	% of income
1.	Port as a whole	-13938	-68.68%	-24871	-131.36%	-25422	-132.22%
2.	Cargo handling activity *	-640	-8%	-322	-4%	-322	4%
	(i).Coal & others	-1397	-54%	-1704	-68%	-1783	-71%
	(ii).POL	970	20%	1619	39%	1719	41%
	(iii).Fertilizer	-214	-43%	-237	-48%	-258	-52%
3.	Vessel related activity *	-12265	-156%	-21754	-261%	-22069	-256%
	(i).Port dues	-1455	-112%	-4981	-346%	-5007	-335%
	(ii).Pilotage	-4414	-126%	-4855	-116%	-4814	-111%
	(iii).Berth hire	-4829	-386%	-8803	-699%	-8932	-683%
4.	Estate	-1032	-22%	-2794	-82%	-3031	-89%

(* Sum of the individual sub-activities under vessel related activity do not match with figures estimated in the main vessel related activity.)

8.3. Some of the major modifications made by the COPT in the revised proposed Scale of Rates vis-à-vis the Scale of Rates proposed in the original proposal are summarised below:

(i). Separate port dues have been proposed for crude oil tanker to be handled at SBM and STS and for container vessels at International Container Transhipment Terminal.

(ii). Similarly pilotage fees, shifting charges and berth hire are also proposed separately for vessels to be handled at SBM and STS, container vessels at ICTT, container vessels at RGCT and other vessels. Such a differential tariff was not part of the original proposed Scale of Rates.

(iii). The port has indicated the actual traffic handled at SBM and submitted that the traffic and GRT of vessel estimated given by the BPCL – KRL as given below is considered in the cost statement submitted for arriving revised rate for pilotage fee and pull back service.

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Particulars</th><th colspan="2">Actuals</th><th colspan="3">Estimates</th></tr>
<tr><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr>
<tr><td>A.</td><td colspan="6">Vessel Traffic (Nos.)</td></tr>
<tr><td></td><td>(i). Coastal</td><td>7</td><td>36</td><td>44</td><td>44</td><td>44</td></tr>
<tr><td></td><td>(ii). Foreign</td><td>17</td><td>45</td><td>34</td><td>40</td><td>40</td></tr>
<tr><td></td><td>Total</td><td>24</td><td>81</td><td>78</td><td>84</td><td>84</td></tr>
<tr><td>B.</td><td colspan="6">Size (GRT)</td></tr>
<tr><td></td><td>(i). Coastal</td><td>278908</td><td>1420358</td><td>1628000</td><td>1628000</td><td>1628000</td></tr>
<tr><td></td><td>(ii). Foreign</td><td>1270125</td><td>3896898</td><td>3510000</td><td>4535000</td><td>4535000</td></tr>
<tr><td></td><td>Total</td><td>1549033</td><td>5317256</td><td>5138000</td><td>6163000</td><td>6163000</td></tr>
<tr><td>C.</td><td colspan="6">Pull Back Operation (hrs.)</td></tr>
<tr><td></td><td>(i). Coastal</td><td>189</td><td>1029</td><td>1179</td><td>1179</td><td>1179</td></tr>
<tr><td></td><td>(ii). Foreign</td><td>719</td><td>1720</td><td>1549</td><td>2002</td><td>2002</td></tr>
<tr><td></td><td>Total</td><td>908</td><td>2749</td><td>2729</td><td>3181</td><td>3181</td></tr>
</table>

The proposed pull back charge for SBM operation is revised to US $ 601.25 for foreign going vessel as against US $ 560.25 per tug hour or part thereof proposed in the original proposal. Based on the cost of operation, the pilotage fee for SBM is arrived at US$0.302 per GRT for foreign going vessel which is taken as the base and proposed for vessels above 60000 GRT. For the previous two slabs, the base rate arrived at US $ 0.302 is escalated by the port.

(iv). Pilotage fee for dredger other than for port dredging is proposed at Rs.11200 per 8 hours as against Rs.12000 per 8 hours proposed by the port in the original proposal.

(v). The schedule relating to charges for issue of wharf entry permits to authorised visitors proposed earlier is completely modified. It has subsequently submitted vide letter dated 20 January 2010 forwarded a copy of the Minutes of the meeting with port users held on 22 December 2009 with reference to the new rates proposed by it. It has stated that most of the users have agreed with the new system and the rates proposed therein excepted for few users who observed that the annual fee of Rs.300/- is relatively high. The port has clarified in the meeting that the proposed rate is quite reasonable and minimal even though port is including huge expenses to meet these security requirements. The representatives of the port users requested to postpone the implementation of new system for one more month i.e. till 1 February 2010 while extending the validity of the existing passes. Since the validity of the wharf entry pass expired on 31 December 2009, the port complying with the provisions of Clause 2.17 of the guidelines has proposed to collect the rates on advalorem basis from 1 February 2010, pending approval of TAMP.

9. The COPT has vide email dated 21 December 2009 explained the main reasons for variations observed between the estimates considered in the last tariff Order and actuals for the years 2007-08 and 2008-09 which is summarised below:

(i). While preparing the estimates for the years 2007-08 and 2008-09 in the last tariff revision, a five percent increase on the 2006-07 figures were considered. In addition to that, the cost of shore labour and cost of shore cranes etc. were included in the cargo handling activity. But in the actuals of 2007-08 & 2008-09, these costs were allocated to Berth Hire charges.

(ii). The estimated cost of maintenance dredging considered in the last tariff revision was Rs.3805 lakhs and Rs.3957 lakhs for the years 2007-08 and 2008-09 respectively. However, the actual cost has increased to Rs.4418 lakhs and Rs.5058 lakhs respectively.

(iii). Salaries and wages has shown an increase in 2007-08 and 2008-09 on account of 50% merger of DA, periodical VDA increase and provision made for ongoing wage revision settlement 2007-08.

(iv). The cost estimated for GHD Nehru Shatabdi was Rs.5 crores, which has increased to Rs.8.57 crores in 2007-08 and Rs.7.31 crores in 2008-09.

(v). The estimates for 2007-08 and 2008-09 did not include hire charges of tug for SBM operations as it was not envisaged. The actuals include hire charges of tug and cost of fuel etc. to the tune of Rs.6 crores and Rs.12 crores for the years 2007-08 and 2008-09 respectively.

(vi). Cost of electricity and administration and general expenses were not included in the estimates of estate rentals for the year 2007-08 and 2008-09. Actuals include Rs.13.70 crores and Rs.16.83 crores respectively in the Estate Rentals.

(vii). Subsequently, the COPT vide email dated 13 January 2010 further explained the following reasons for the difference in the estimates vis-à-vis the actuals for the years 2007-08 and 2008-09:

(a). The reduction in income is due to the reduction in wharfage rate from Rs.65/- per ton to Rs.25/- per ton due to the commissioning of the SPM on 3rd December 2007.

Year	**Quantity** (ton)	**Difference in Rate** (Rs.)	**Amt in lakhs** (Rs.)
2007-08	2325000	40	930.00
2008-09	7276000	40	2910.40

(b). The total maintenance dredging cost and salary estimated and actually incurred for the years 2007-08 & 2008-09 is as follows:-

Particulars	**Estimate**		**Actual**		**Increase**	
	2007-08	**2008-09**	**2007-08**	**2008-09**	**2007-08**	**2008-09**
1. Maint. Dred.	2496	2596	4418	5058	1922	2462
2. Salary	7227	7118	8316	8023	1089	905

10.1. The COPT has subsequently vide letter dated 21 December 2009 requested that the fee for issue of duplicate Biometric Card in event of loss proposed at items no.9 Chapter - VI of the revised proposed Scale of Rates submitted vide its letter dated 30 October 2009 may be amended as Rs.1000 per person instead of Rs.300 per person.

10.2. The COPT vide letter dated 8 January 2010 has requested that the tariff proposed for embarkation / disembarkation passengers from cruise vessels proposed at Rs.100 per person in the original proposal may be modified which was subsequently further modified by the COPT vide letter dated 14 January 2010. As per the modified proposal, the COPT has requested to insert the following Section as 6.5 under Chapter VI Miscellaneous Charges in place of the original proposal:

"6.5 Passenger Fee and Security Cess for Passengers of Cruise Ships

Sr. No.	Description	Unit	Rate in Rs.
(i).	All Passengers	per person	100
(ii).	Passengers involving checking and baggage examination / screening by the port	per person	200

"

The additional income anticipated as per COPT letter dated 8 January 2010 out of the passenger fee will be around Rs.32 lakhs (approx.) at the existing level of cruise passenger traffic, which will help the port to cover the financial deficit faced by the port to some extent.

The port has clarified that the above item is included in the Scale of Rates to cover the expenditure incurred due to the deployment of additional CISF personnel for checking the passengers and baggage as well as for round the clock water-side patrolling and in the current scenario of various kinds of threats faced by the strategic locations in the country.

10.3. The port has subsequently vide email dated 8 January 2010, furnished an analysis of slabwise (i.e. two / three tier) berth hire rate based on the 2008-09 data for consideration instead of single tier rate proposed in its Scale of Rates earlier. In the working, the existing first three slabs are clubbed into one slab i.e. upto 15000 GRT. The vessels in the range of 15001 to 30000 GRT is considered as the second slab. The third slab is vessels above 30000 GRT which covers the existing last two slabs i.e. vessels of 30001 GRT to 60000 and vessels above 60000 GRT. The average GRT and average stay for a vessel and the existing berth hire rate of the relevant slabs are taken as the base for arriving at the average berth hire rate which is increased by 40% to arrive at the proposed rate. The calculation furnished by the port is selective for each category of vessel and not based on the entire vessel traffic that called at the port in the year 2008-09. The port has vide email dated 11 February 2010 stated that there is no stream mooring at the port. The proposed Scale of Rates includes the rate only because it is there in the existing Scale of Rates.

11. 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.

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

(i). The validity of the revised Scale of Rates of Cochin Port Trust (COPT) approved by this Authority vide its Order No.TAMP/63/2005-COPT dated 25 January 2007 was till 31 March 2009 which has been extended a couple of times at the request made by the port and the last extension allowed was upto 31 December 2009. The proposal filed by the COPT is mainly to cover part of the huge deficit assessed by the port.

(ii). As brought out earlier, the port has taken almost five months to furnish the additional information / clarifications required on its proposal and has attributed the delay to new integrated ERP programme implemented at the port. Even the information / clarifications furnished by the port vide its letter dated 28 October 2009 did not comprehensively address all the points. The port has subsequently in piecemeal on seven different occasions, the last being on 19 January 2010, furnished additional information/ clarification to various points. The COPT has furnished final revised cost statement vide its letter dated 11 December 2009. The revised cost statement filed by the COPT dated 11 December 2009 along with the information/ clarifications submitted by the port during the processing of the case is taken into consideration for the analysis.

(iii). Before proceeding ahead, it is relevant to mention that the aggregate of the figures in the individual vessel related sub-activities do not match with the estimates furnished by the port in the relevant activity-wise cost statement.

Despite a specific advice rendered, the port has not rectified the mismatch while filing the revised cost statements. As the sub-activity-wise cost statements cannot be relied upon in view of the mismatch, the cost statements furnished for the main activity is only considered. In any case this will not have any significant impact on the final decision of tariff increase as the port has proposed tariff increase to cover only part of the total revenue deficit.

(iv). (a). The actual traffic handled by the port in the year 2008-09 (excluding the container traffic handled by India Gateway Terminal Private Limited) is reported at 11.97 million tonnes. The traffic projections for the subsequent years is accordingly revised by the port to 13.75 million tonnes for the year 2009-10, 15.70 million tonnes in 2010-11 and 15.76 million tonnes in 2011-12.

When sought to explain the reasons for estimating the traffic (i.e. 13.75 MT) for the year 2009-10 lower than the annual cargo traffic (14.90 million tonnes) fixed by the Department of Shipping, the port has clarified that the targets set by the Ministry cannot be achievable under the prevailing circumstances and, therefore, the port has realistically reassessed the position based on the actual cargo traffic handled in the previous years, hinterland demand and supply, information received from trade meet and specific representation by the users for bringing new and / or additional cargo to the port etc. Relying on the clarification furnished by the port and recognising the estimates are as per the Budget Estimates for the year 2009-10 reckoning 14.87% growth in traffic over the actuals of the previous year 2008-09, the traffic estimated by the port for the year 2009-10 is considered.

(b). The India Gateway Terminal Private Limited (IGTPL) is likely to handover the Rajiv Gandhi Container Terminal (RGCT) to the port on 31 March 2010 and migrate to Vallarpadam as reported by the COPT. Whilst the port has included the capacity on account of RGCT reverting to the port, the additional traffic on this account is not considered in the traffic estimation. The berths and the backup area of RGCT are likely to be used for import of general cargo like coal, iron scrap etc., which are now handled in low draft berths and port expects to accommodate higher capacity general bulk cargo vessels. The port has, however, expressed its inability to quantify the exact cargo volume to be handled at RGCT once vacated by IGTPL.

The port has confirmed that the additional volume on commissioning of the reconstructed North Coal Berth and Mattancherry wharf are considered in the traffic estimation. The traffic growth estimated is 14.18% in the year 2010-11 and an insignificant increase of 0.38% in the year 2011-12 over the estimates of the respective previous years.

The traffic projections as furnished by COPT for the years 2009-10 to 2011-12 are considered in this analysis. However, if any undue advantage is found to have accrued to the COPT due to wrong estimation, adjustment will be made in the tariff at the time of next review of tariff in line with the revised tariff guidelines.

(v). The port has not furnished detailed item-wise computation of income with reference to the prevailing tariff. It has, however, furnished break-up of income from cargo handling activity, vessel related activity and estate activity. The income from vessel related activity in the year 2009-10 is estimated to reduce to Rs.78.60 crores as against Rs.80.10 crores earned in the 2008-09 despite the anticipated traffic growth of 14.87%. One of reasons for reduction in the estimated income for the year 2009-10 is reduction in the income from hire of dredger Nehru Shatabdi which was Rs.10.11 crores lakhs in the year 2008-09 to Rs.5.50 crores due to the anticipated decrease in demand. Another reason cited by the port is reduction in income from pilotage services in respect of vessels calling at Single Point Mooring (SPM) due to the port's modified proposal which was approved by this Authority vide its Order dated 17 December 2008. The income estimates as furnished by the COPT are considered subject to the following modifications and observations:

(a). The estimated income from tug hire for pull back operations at SPM for the year 2009-10 does not appear to be based on the rate approved by this Authority in its Order No.TAMP/32/2007-COPT dated 17 December 2008. The income estimation for the year 2009-10 is suitably modified in line with the approved tariff.

(b). The port has not indicated the exchange rate adopted for estimation the income from vessel related charges denominated in dollar terms, despite a specific request made. The port has made a general statement that the vessel related income for the years 2009-10 to 2011-12 are projected based on the actual income and vessel traffic for the year 2008-09 and the vessel traffic projections for the respective years. The general approach adopted by this Authority is to update the dollar denominated vessel related income with reference to the exchange rate prevailing at the time of finalisation of tariff cases. The exchange rate of 1 US dollar during the year 2008-09 is found to be varying in the range of Rs.39/- to Rs.50/-. The average comes to around Rs.45.91 which is comparable to the exchange rate of 1 US $ = Rs.45.735 prevailing at the time of the analysis. Since the variation is not found to be significant, the estimated vessel related income furnished by the COPT is considered without any adjustment for exchange rate.

(c). The income from cargo handling activity is estimated to reduce by around Rs.6.44 crores in the year 2010-11 in comparison to the income estimated for the year 2009-10 despite the anticipated traffic growth of 14.18%. The port has attributed the reduction in the income of Rs.6.5 crores to reduction in wharfage income on account of waiver of wharfage for back loading cargo volume to the tune of 1 million tonne as a trade promotional measure and reduction of Rs.87 lakhs from CFS service owing to the shifting of container operations from RGCT to International Container Transhipment Terminal by the IGTPL.

It is found that the traffic projections of 12.5 Million Tonnes of Crude oil does not include the 1 Metric Million Tonnes (MMT) of back loading cargo. The income from Crude oil is stated to accrue from 9 MT crude oil at SBM (i.e. excluding 1 MMT back loading of cargo) plus 3.5 MMT POL products at port's berth. The wharfage income for the crude based on the traffic break up furnished by the port works out to Rs.45.25 crores as against Rs.41.74 crores estimated by the COPT. The income estimation from cargo handling activity in the year 2010-11 is modified reckoning the differential income of Rs.3.51 crores understated by the COPT. Similar adjustment is done for the year 2011-12 as well.

(vi). Reportedly, the port is a deemed Licensee under Electricity Act 2003 and has powers to purchase and distribute electricity with a minimum margin. The Kerala State Electricity Regulatory Commission (KSERC) determines electricity tariff taking into consideration the relevant revenue and cost elements. During the last tariff revision, the revenue earned, expenditure / overhead charges and the relevant net block pertaining to the electricity supplied to outsiders were rightly excluded from the cost statements by the port. Similar adjustments are, however, not done in the current tariff revision exercise. When pointed out, the port has expressed inability to segregate the electricity distribution activity from the core activities citing that no separate accounts are maintained. It is difficult to appreciate the problems faced by the port as the port itself carried out such segregation during the last tariff revision and also the port has claimed submission of separate profitability statements for this activity to Kerala State Electricity Regulatory Commission (KSERC).

In our analysis, the income from electricity distribution and the electricity expenses stated to have been shown under the Estate activity are excluded for the past period 2006-07 to 2008-09 and in the estimates for the years 2009-10 to 2011-12. The net fixed assets relating to the electricity distribution activity indicated by the COPT is also excluded for the corresponding period. This adjustment is done in the estate activity cost statement and also in the consolidated position.

Subject to the above modification, the income estimates furnished by the COPT are relied upon in this analysis except with reference to revenue share income which is explained in the subsequent paragraphs. If, however, it is observed at the time of the next review that the actual income varies substantially from the estimations considered herein, the advantage accrued on account of such wrong estimation will be set off in future tariff revision / review as per the Tariff guidelines.

(vii). (a). The COPT receives revenue share from the private operator IGTPL. The actual revenue share received in the years 2006-07, 2007-08 and 2008-09 is reported at Rs.19.09 crores, Rs.24.38 crores and Rs.23.52 crores respectively. The projections made for the subsequent years are Rs.26.00 crores in 2009-10, Rs.43.16 crores in 2010-11 and Rs.53.09 crores in 2011-12.

(b). As per the clause 2.8.3. of the guidelines for tariff fixation, the revenue share / royalty receivable from the BOT operators is to be first applied to meet cost of surplus labour, if any, and thereafter at least 50% of the balance should be maintained in an Escrow Account for the purpose of creation and / or modernisation of the port infrastructure facilities within a period of five years.

(c). Thus, tariff guidelines allow 50% of the revenue share receivable by the port trusts to be added as part of revenue of the port to offset regular expenses. It places a minimum level of 50% to be transferred to the Escrow Account to meet the capex of the port for development of port infrastructure.

At Cochin Port Trust, the container handling activity was one of the major revenue earning activities. The transfer of container operations i.e. Rajiv Gandhi Container Terminal to the Private Operator IGTPL in the year 2005-06 had a significant financial impact in the cargo handling activity and also on the overall financial position of the port. During the last tariff revision, part of the revenue share (44%) receivable from the IGTPL was, therefore, added as general revenue under the general cargo activity to primarily to cross subside and the balance was taken to have been set aside in the Escrow Account to met the capital expenditure over the next five years period.

Though the RGCT operation is expected to revert to the port in April 2010, the port does not expect to handle any container at the said berth. Further, the major cargo share contributed by POL is shifted from port's jetty to Single Point Mooring since December 2007 for which a reduced wharfage rate is agreed between both the parties. As rightly stated by the port also, the shift in the manner of handling major commodities, through privatisation or otherwise has a significant impact in the revenue stream from the cargo handling activity. That being so, as was done in the last occasion, 50% of the revenue share after meeting the cost of surplus labour is treated as revenue under the cargo handling activity for each of the years 2009-10 to 2011-12.

(d). The tariff guidelines envisage utilisation of atleast 50% revenue share within five years period to meet the capital expenditure of the port for infrastructure and modernisation. The port has not maintained any separate Escrow Account but reportedly utilised the entire revenue share receipts to meet the capital expenditure incurred in the past period. Given this position, it will be a notional exercise to book transfer of the revenue share to the escrow account for the past period. That being so, and recognising the deficit position reported during the years 2007-08 and 2008-09, the balance revenue share after transfer of part of it to the cargo activity towards cross subsidisation is taken to have been applied towards capital expenditure of the port. Return on capital employed is not allowed on the capital expenditure met out of the revenue share. The summarised position of total actual revenue share receipts from IGTPL since commencement of its operations at the RGCT and the treatment given in the cost statement is explained hereunder:

(**Rs. in lakhs**)

(i). Total Revenue Share receipts from 2005-06 to 2008-09	**8314.17**
(ii). 44% Part of Revenue share treated as revenue under general cargo handling activity	3658.23
(iii). Balance revenue Share considered towards capital expenditure incurred by the port during the years 2007-08 to 2008-09	4655.94

It is noteworthy that a total capital expenditure of Rs.6461.98 lakhs was incurred by the port during the relevant period.

(e). For the future period also, the port has proposed to utilise the entire revenue share after covering the cost of surplus labour to meet the capital expenditure of the port. It has not indicated the details of capex to be funded from the revenue share nor made suitable adjustments while allowing return on capital employed.

Of the total estimated capital expenses of Rs.610 crores for the period from 2009-10 to 2011-12, Rs.381 crores is the estimated outlay for the capital dredging for ICTT. The capital expenditure for the project is being funded by the Government to the extent of Rs.297.42 crores by way of grant-in-aid. This may be due to the absence of internal resources available with the Port Trust and perhaps with the intention of not burdening the users with the effect of high cost of external borrowings to finance the project. In line with the Government's decision to fund major part of the capital dredging cost and recognising that the increase estimated in the maintenance dredging during the years 2009-10 to 2011-12 is mainly to increase / maintain the draft required for the main line container vessels at ICCT (for IGTPL), it will not be unreasonable if the increased maintenance dredging cost is met from the balance share of revenue share receipts from the IGTPL. Such an adjustment will also ensure that the vessels other than the container vessels calling at ICTT are not unduly burdened with the cost of maintaining the channel for Vallarpadam.

In view of the position explained above, 50% of the revenue share after meeting the cost of surplus labour is treated as the revenue under cargo handling activity the balance 50% is deployed to partly meet the maintenance dredging cost under the vessel related activity for the years 2009-10 to 2011-12.

(f). The revenue share estimated by the port for the years 2009-10 is Rs.26 crores as per the Budget Estimates. The estimation of revenue share for the year 2009-10 based on the income projected for RGCT operations as per Order No.TAMP/25/2008-IGPTL dated 5 August 2009 works out to Rs.30.15 crores which is considered in this analysis instead of Rs.26 crores estimated by the COPT.

The traffic and income from the years 2010 onward is projected on calendar year basis by the IGTPL. This point is, however, not recognised by the port while estimating the revenue share. Further, the gross revenue of the IGTPL considered by the COPT for the years 2010-11 to 2011-12 does not match with the gross revenue estimated in the Order passed on 17 December 2008. The revenue share receivable by the COPT for the years 2010-11 and 2011-12 is, therefore, estimated at 33.3% of the gross revenue estimated in the tariff Order of IGTPL with suitable adjustments for financial year based cycle. The revenue share thus estimated is Rs.74.83 crores and Rs.93.73 crores for the years 2010-11 and 2011-12 respectively.

(g). The tariff guidelines require that the revenue share receipts should be first utilised to meet the cost of surplus labour. The port has confirmed that there is no surplus labour in the year 2009-10. The port anticipates 318 employees will be in surplus from 1 April 2010 when the IGTPL shifts its operations to ICTT. The cost of surplus manpower estimated by the port at Rs.1113 lakhs in 2010-11 and Rs.1312.5 lakhs in the year 2011-12 is after providing for wage revision. The estimation of man power surplus by the COPT is considered except modifying the estimates for the year 2011-12 restricting the annual escalation at 5.8% over the estimates of the previous year.

The sum of revenue share receivable for the years 2009-10 to 2011-12 and its application considered in the cost statement are tabulated below:

(**Rs. in lakhs**)

Sl. No.	**Particulars**	**Estimates considered by COPT (Total for the years 2009-10 to 2011-12)**	**Estimates modified by TAMP (Total for the years 2009-10 to 2011-12)**
(i).	Revenue share received from IGTPL	12225.86	19872.20
(ii).	Less: Cost of surplus labour	2425.50	2290.55
(iii).	Balance revenue share after meeting cost of surplus labour [(i) – (ii)]	9800.36	17581.65
(iv).	50% revenue share considered as revenue under cargo handling activity	The port has said the entire revenue share will be deployed to meet capex, however, it has not adjusted the return to that extent	8790.82
(v).	50% revenue considered to meet the incremental cost in maintenance dredging		8790.82

(viii). (a). As per clause 2.5.1. of the tariff guidelines of 2005, expenditure is to be projected in line with traffic adjusted for price fluctuation with reference to the current movement of Wholesale Price Index (WPI) for all commodities announced by the Government of India. The WPI considered for the tariff revision exercise in the year 2009-10 is 5.8%.

(b). The total operating expenditure and the management and general overheads (excluding depreciation and electricity charges under estate activity) for the year 2009-10 estimated by COPT as per the Budget Estimates is Rs.21745 lakhs as against the actual expenditure of Rs.17069 reported in the previous financial year 2008-09. The increase in the expenditure is mainly attributable to increase estimated in the salaries and wage cost due to expected wage revision for which no provision was made in the accounts for 2008-09 and increase in maintenance dredging cost apart from the usual annual escalation in the cost. The port has stated that the impact of wage revision is estimated at 23% in the 2009-10 estimates. It has not furnished detailed computation in this regard nor indicated the impact of wage revision separately in absolute terms.

The cost estimates furnished by the COPT for the year 2009-10 is to be tested with reference to the total actual cost reported for the year 2008-09 as the base. The total operating cost and overheads (excluding depreciation) for the year 2009-10 after considering the impact of wage revision at 15% of the total salaries and wage cost reported in 2008-09 (as done while revising the tariff of other major ports such as Tuticorin Port Trust, New Mangalore Port Trust), increase in repairs and maintenance on the additions to the gross block proposed to be deployed in the year 2009-10, impact of increase in fuel cost due to growth in traffic with annual escalation in cost @ 5.8% and allowances for higher level of expenses under specified heads like dredging, fuel, etc. works out to Rs.20441 lakhs as against Rs.21745 lakhs estimated by the COPT. Therefore, the estimation of fuel, other costs and management and general overhead estimated by the COPT are moderated restricting the annual escalation in cost at 5.8% and modified total cost is Rs.20441 lakhs.

(c). The estimation of dredging cost of Rs.6300 lakhs in the year 2009-10 is substantiated with a copy of the work Order issued by the port. The port has allocated part of the maintenance dredging cost to POL (cargo handling) activity in the years 2009-10 to 2011-12.

During the last tariff review part of the maintenance dredging cost considered under the POL cargo handling activity was allowed keeping in view the fact that large size oil vessels requiring deep draft were being handled at the port's jetty. Since many vessel related rates are common, if the cost of maintaining the channel was fully loaded to vessel related activity, the smaller size vessels would have to bear an undue tariff burden. The major part of POL handling is now shifted from the port's jetty to the SPM operated by the BPCL-KRL for which separate tariff structure is allowed and hence it is not found necessary in the present scenario to continue to allocate part of the maintenance dredging cost to the POL handling activity. Further, it is not a general practice adopted to allocate dredging expenses to cargo handling activity. The activity-wise cost statement is, therefore, suitably modified considering the entire maintenance dredging cost under the vessel related activity. Though the entire maintenance dredging cost is considered under the vessel related activity, for the reasons explained in earlier analysis 50% of the revenue share is considered to meet the incremental cost in maintenance dredging.

The dry dock expenses estimated for the year 2009-10 for dredger Nehru Shatabdi and Floating Crane Periyar has been amortised and spread over four years and three years respectively in a separate case relating to another proposal filed by the port for revision of hire charge of hire charge of these equipment. Return is also allowed in the un-ammortised portion of dry dock expense of 16%. The effect of this adjustment is considered in the general revision proposal also. The total operating cost plus management and general overheads (excluding the depreciation), after adjustment of part of the revenue share considered to meet the maintenance dredging cost, amortisation of part of dry dock expenses works out to Rs.19109 lakhs in the year 2009-10.

(d). The estimate of operating cost and management and general overheads for the years 2010-11 and 2011-12 are tested with reference to the modified estimates of 2009-10. The other expenses and management and general overhead are modified to the extent they are estimated beyond the stated level of annual escalation of 5.8%. The estimated fuel cost is modified with reference to traffic growth allowing annual escalation @ 5.8% as against 5% assumed by the COPT. The total operating cost and management and general overheads considered in the analysis after adjustment of the revenue share to meet the part of maintenance dredging cost and amortisation of part of dry docking expenses is Rs.20835 lakhs in the year 2010-11 (COPT estimates Rs.27873 lakhs) and Rs.21866 lakhs in 2011-12 (COPT estimates Rs.28703 lakhs).

(e). Clause 2.7.1 of the revised tariff guidelines requires depreciation to be calculated on straight-line method following the life norms adopted as per the Companies Act. The depreciation on assets is calculated by the port on straight-line method following the life norms prescribed by the Ministry of Shipping as reported in the Annual Account of 2008-09. The port has not adhered to the advice rendered during the last tariff revision to comply with the tariff guidelines for computing the depreciation while formulating its next tariff review / revision proposal. The COPT is again advised to comply with the tariff guidelines for computing the depreciation while formulating its next tariff review / revision proposal. The depreciation estimated by the port in the current tariff cycle is relied upon and accepted subject to modification in respect of additions proposed to the gross block in the year 2009-10 which are not likely to be commissioned till 30 September 2009. For such assets, the depreciation is allowed only for six months instead of full year.

(ix). The estimated Finance and Miscellaneous Expense for the year 2009-10 excludes Interest on loan. In the revised cost statement prepared by us, the claim for Fringe Benefit Tax and exgratia payment are also excluded in line with the treatment given while fixing the tariff of other Major Ports and as per the instructions contained in the proforma cost statement prescribed by this Authority.

During the last tariff revision, pension payment was considered as estimated by the COPT. In the current tariff revision cycle, the COPT has considered the outflow on account of contribution to Pension Fund. Generally the pension payments are to be met from the Pension fund. It is observed that the balance in the Pension fund estimated at Rs.201 crores as on 31 March 2009 is far below the actuarial valuation of pension fund estimated at Rs.650 crores. Further, the annual contribution to the pension fund proposed to be made by the port is inadequate to cover the annual pension payments. Additional contribution required to augment the Pension Fund to make it self reliant in future is not at all considered by the port. In the absence of the COPT furnishing the estimated pension payments for the future period 2009-10 to 2011-12, actual pension payment reported in the year 2008-09 is taken as the base and adjusted for annual escalation. As the number of employees estimated to retire in the year 2009-10 will turn into pensioners, the financial impact thereof is also considered in the pension payments during the year 2009-10. For the subsequent years 2010-11 and 2011-12, the FME is estimated considering annual escalation of 5.8% over the estimates of the respective previous years.

(x). (a). The port has projected addition to the gross block to the extent of Rs.167 crores in 2009-10 which includes Rs.62 crores for reconstruction of Mattenchary Wharf, Rs.81 crores for replacement of tugs and Rs.24 crores for computer and fire fighting service. The two tugs are already stated to be in operation and about 90% of the work with reference to reconstruction of the wharf and computer are reported to be complete as of September 2009. Based on status of the capital project furnished by the port, the additions proposed to the gross block of assets during the year 2009-10 are considered. The port has clarified that the procurement of equipments and re-construction of berths and wharves are as a part of replacement of existing assets only and there is no additional capacity or additional traffic anticipated.

(b). Out of the addition of Rs.443 crores to the gross block proposed for the year 2010-11, Rs.381 crores pertains capital dredging for ICTT project, Rs.27 crores for development of Willingtong Island and Rs.35 crores towards procurement of level luffing cranes. The work relating to capital dredging and development of Willington Island is completed to the extent of 40% and 90% respectively till September 2009 and the port has indicated the capital dredging project will be completed by end of January 2010 and procurement of crane is in the initial stage. Based on the status of the capex indicated by the port, the additions proposed to the gross block in the year 2010-11 is accepted with the assumption that the relevant capex will be capitalised in the accounts by the end of 2010-11.

The port has stated that the Ministry of Shipping, vide letter No.PD-110011/2/2006-COPT dated 19 November 2009 has sanctioned fund of Rs.297.42 crores through grant-in-aid to meet the capital expenditure for ICTT project and the balance Rs.83.83 crores is to be funded by a loan. Since part of the capital expenditure is funded by the Government through non-refundable Grant-in-aid, there is no justification for allowing return on such part of investment. Though the capital employed includes the capex relating to capital dredging, return on investment is not considered on that part of the capital dredging cost which is funded by the Government.

(c). Port has confirmed that assets expected to be completed/ commissioned in the same year has been taken into consideration for the purpose of computation of capital employed.

(d). As stated earlier, net fixed assets pertaining the electricity distribution activity as estimated for the years 2009-10 and 2010-11 in the report submitted to the KERC are also excluded. Similar adjustment is also done for the year 2011-12. Some arithmetical error in the estimation of capital employed by the COPT is also corrected.

(e). The port has not furnished any details of working capital for the years 2009-10 to 2011-12. It has only furnished the working for the year 2008-09. The current assets considered by the COPT for the year 2008-09 as a part of the working capital are not found to be as per norms prescribed in the tariff guidelines. The sundry debtors, inventory and the cash balance under the current assets are, therefore, modified in line with the relevant provisions of the tariff guidelines. If the current liabilities for the year 2008-09 are compared with admissible elements of current assets, the working capital becomes negative and hence considered as Nil for the year 2008-09 and also for subsequent years 2009-10 to 2011-12 based on 2008-09 actuals.

(f). Subject to the above modification, the total estimated capital employed considered in this review is Rs.397.68 crores in 2009-10, Rs.811.19 crores in 2010-11 and Rs.784.07 crores in 2011-12.

(g). The port has furnished classification of assets into business assets, business related assets and social obligation assets. Clause 2.9.8. of the guidelines stipulates that if more than 75% of users of any social obligation assets created by the port are for port employees, such assets will be categorised as business related assets. The port has stated that on reviewing the segregation of assets, the port felt 100% beneficiaries of hospital and related assets are port employees / pensioners only and hence it is segregated under business related assets. The classification of assets by the COPT as business assets and business related assets is relied upon and considered in the analysis.

(h). The revised tariff guidelines stipulate that return on capital employed allowed should be linked to the capacity utilisation of the port. The COPT has assessed the designed capacity of the port at 28 million tonnes of which 4.31 million tonnes is with reference to the RGCT operated by the IGTPL. The capacity of the Cochin Port in the Report on “Update on Indian Port Sector” by the Ministry of Road Transport and Highways is also around 28.37 Million tonnes as on 31 March 2009 (including the operations of IGTPL and SBM). Since the capacity assessed by the port is comparable to the figures furnished in Report, the capacity figures assessed by the port are considered. The capacity with reference to berths operated by the port is 23.69 million tonnes. The designed capacity of the port during the year 2010-11 includes the capacity of RGCT which is expected to be transferred to the port in April 2010. The COPT has stated that procurement of equipments and re-construction of berths and wharves are a part of replacement of existing assets and that there will be no additional capacity on that account.

The port has assessed the capacity utilisation at 49% in the year 2009-10 and 56% years for the year 2010-11 and 2011-12. There is error in the capacity utilisation assessed by the port for the year 2009-10 which is corrected at 58.04%. The capacity utilisation for the traffic projected for the years 2010-11 and 2011-12 is 56.06% and 56.27%. The port has explained that owing to lack of industrialization in the hinterland, tough competition from neighboring ports, the capacity utilisation has been below the benchmark level of 60% for claiming full return on capital employed. The port has in its estimation claimed return on capital employed only to the extent of the capacity utilization. The approach adopted by the COPT is in line with the tariff guidelines. In our analysis, return on business assets is computed at 16% subject to the capacity utilisation. For business related assets, return is allowed at the prevailing risk free rate of 7.4% instead of 6.35% considered by the COPT. Business related assets do not form part of the capacity determination hence, the return on this category of assets is not linked to capacity utilisation.

(xi). (a). The last review of Scale of Rates of COPT was done in January 2007 relying on the estimated cost position for the years 2007-08 and 2008-09. The cost statement as per the last tariff Order reflected a deficit of Rs.27.25 crores in 2007-08, Rs.24.71 crores deficit in 2008-09 (i.e. total deficit of Rs.51.96 crores) for the port as whole. This worked out to 13% average deficit for the port as a whole for the two years. In the last tariff Order, this Authority approved 40% increase in wharfage of coal and general cargo, storage charge and miscellaneous charges, 28% increase in vessel related charge (except berth hire) with rationalized tariff structure in pilotage fee and 20% increase in berth hire.

(b). Clause 2.13 of the revised tariff guidelines mandates this Authority to review the actual and physical performance of the major ports at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff.

(c). The COPT has furnished an analysis comparing the actuals for the past period 2007-08 to 2008-09 with the estimates considered in the last tariff review. The analysis for the past period furnished by the COPT is modified with reference to the following:

(i). The income estimates for the years 2007-08 and 2008-09 considered by the COPT are based on the estimates furnished by the port during the last tariff revision which is modified and considered as estimated by this Authority and also adjusted with reference to increase in the tariff approved.

(ii). The actuals relating to operating income, operating cost, allocated management and general overheads and depreciation have been considered as reflected in the respective Annual Accounts subject to the adjustments explained in the subsequent paragraphs.

(iii). The same approach followed during the last tariff Order is maintained for the purpose of assessing the actual net surplus / deficit for the years 2007-08 and 2008-09 also.

(iv). The treatment of revenue share from IGTPL considered during the last tariff revision is already explained in this analysis earlier. Accordingly, 44% of the revenue share received by the COPT during the years 2007-08 and 2008-09 is considered as a part of the general cargo activity in line with the treatment done in the last tariff Order. The balance revenue share is taken to have financed the additions made to gross block in the years 2007-08 and 2008-09.

(d). As already mentioned earlier, the income and expenditure on electricity distribution as reflected under the estate activity and the net fixed assets are excluded from the actuals for assessment of actual performance in line with the treatment given in the last tariff Order. Necessary adjustments are carried out to reflect the position maintained in the analysis of Dredger Nehru Shatabdi which is dealt in a separate Order.

(e). In case of finance and miscellaneous income, the interest on investments are excluded for all the years under consideration. In respect of finance and miscellaneous expenditure, interest on loans, ex-gratia VRS, fringe benefit tax have been excluded. As regards the Pension Fund, the COPT has reported the actual pension payments during each of the years 2007-08 and 2008-09 is Rs.50.88 crores and Rs.48.10 crores as against the contribution to the Pension funds reported at Rs.51.07 crores and Rs.37.18 crores in the respective Annual Accounts. The actual pension payment reported by the COPT is considered for the analysis of past period.

(f). The value of net block of fixed assets as reported in the Annual Accounts has been considered. The return on capital employed is not allowed to the extent the revenue share receipts are applied towards the capex as explained earlier.

(g). The classification of net fixed assets as business assets, business relate assets and social obligation assets is considered as furnished by the COPT subject to the modification explained above which is done with reference to business assets.

(h). During the last tariff revision, full return was allowed as per the tariff guidelines as the capacity utilisation based on design capacity of 13.5 million tonnes was above 60%. While furnishing the actuals, the COPT has furnished the design capacity of the port at 23.69 million tonnes excluding the container terminal handled by the IGTPL. The capacity utilisation with reference the design capacity now furnished by the port works out to 53.06% in 2007-08 and 50.53% in 2008-09. The port has restricted the claim on return to the extent of the capacity utilisation which is in line with the tariff guidelines. The same approach is followed in our analysis. The Return on capital employed is allowed at 15% on business assets linked to capacity utilisation and @ 7.4% on business related assets.

(i). The port has continued to levy the tariff approved in last Order for the period subsequent to 2009-10 also. By the time this Order is implemented, almost eleven months pertaining to the year 2009-10 would be over. Hence, it is found appropriate to consider the proportionate eleven months cost position reflected in the cost statement as part of the past period and the balance one month position for the future period for which tariff is to be fixed. The cost position as assessed by the COPT subject to the modification done for reasons explained in the above analysis is considered.

Since this analysis is done based on the estimates for the year 2009-10, the actual position shall be subject to review during the next tariff revision exercise. If the variation is found to be more than the level prescribed in the revised tariff guidelines, it shall be adjusted in the next tariff validity cycle.

(j). A summary of net surplus / deficit after allowable return on capital employed for the past period 2007-08 and 2008-09 subject to the above discussions is as follows:

(**Rs. in lakhs**)

Year	Estimates as per last tariff Order after considering impact of increase granted in tariff	Actuals after the above adjustments
2007-08	(-) 608.63	(-) 3250.55
2008-09	(-) 223.55	(-) 6325.65
Sub Total	**(-) 832.18**	**(-) 9576.20**
2009-10 (11 months)	--	(-) 9060.83
Total		**(-) 18637.03**

It is observed that the actual physical performance in terms of traffic handled is 7% higher than the estimated position for the year 2007-08 and the 2008-09 shows 2% reduction in the actual traffic vis-à-vis the estimated position. The variation in the actual income vis-à-vis the estimated position is also found to be less than (+) / (-) 20% for the two years. The operating cost for both the years are found to be around 25% to 30% higher than the estimated position.

It is observed that the actuals of the year 2007-08 and 2008-09 and estimates for the year 2009-10 (11 months period) reflect an operating loss to the tune of Rs.119.30 crores without considering return on capital employed. It is notable that the port has not made any claim for adjustment of the deficit during the past period in the current tariff cycle. As can be seen later, even without providing for the past losses, the tariff increase warranted would be high. The port has explained that variation in the estimated expenses considered in the last tariff Order vis-à-vis the actual position for the years 2007-08 and 2008-09 is mainly because of increase in the maintenance dredging cost by Rs.4384 lakhs and increase in salaries and wage cost by Rs.1994 lakhs due to 50% merger of Dearness Allowance and wage revision impact provided in the year 2007-08. The port has also clarified that due to reduced wharfage rate offered to Single Buoy Mooring operated by the BPCL as per the MOU (i.e. Rs.25 per tonne as against Rs.65 per tonne prescribed in the Scale of Rates) there has been reduction of Rs.3840 lakhs in the income which was not considered at the time of estimates furnished during the last tariff revision. In view of the clarifications furnished by the port explaining the main reasons for variation in the actuals vis-à-vis the estimates and recognising that the port capacity is under utilised during this period (i.e. around 50% to 58% during the years 2007-08, 2008-09 and 200-10), it is not found necessary to adjust the loss assessed in the future period and unduly burden the users with the effect of under utilised capacity.

During the last tariff revision, the estimates for the year 2006-07 was considered as part of past period analysis. The review of actuals for the year 2006-07 show that the actual physical and the financial performance are not significantly different from the estimates considered in the last tariff Order and the variation is less than +/(-) 20%.

(xii). In the light of the analysis given above, the cost statements for the port as a whole and for different main activities for the future period have been modified. The modified cost statements are attached as **Annex - I (a) to (d)**. Summarised results of the main activities of the port as a whole are as follows:

Sl. No.	Particulars	Operating Income (Rs. in lakhs)			Net Surplus (+) / Deficit (-) (Rs. in lakhs)				Net Surplus (+) / Deficit (-) as a % of operating Income			Avg. surplus / deficit %
		2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	Total 2009-10 (one month), 2010-11 & 2011-12	2009-10	2010-11	2011-12	
1.	Port as a whole	19690	20770	21975	-9885	-12696	-12614	-26134	-50.20%	-61.12%	-57.40%	**-58.88%**
2.	Port and Dock facility	7450	8345	8615	-12569	-14740	-15261	-31049	-168.7%	-176.6%	-177.1%	**-176.60%**
3.	Cargo handling activity	9318	10702	11637	3392	4585	5362	10230	43.4%	61.0%	71.1%	**65.13%**
4.	Estate	2922	1722	1722	-707	-2540	-2715	-5315	-24.2%	-147.5%	-157.6%	**-144.09%**
5.	Port as a whole excluding Estate activity	16768	19048	20253	-9177	-10155	-9899	-20819	-54.73%	-53.31%	-48.88%	**-51.16%**

(a). This Authority has always held that port estate should be optimally and commercially exploited so that estate revenue can supplement the port's core functioning. The cost statement for estate activity discloses a deficit position. The port has agreed to file a separate recast proposal for revision of its lease rentals based on the revised report of the approved valuer which will be dealt with separately. The cost position excluding estate activity is considered for this analysis.

The estimated financial position at the existing level of tariff for the port as a whole excluding the estate activity shows a substantial deficit. In absolute terms, the aggregate deficit is Rs.208.19 crores for the years 2009-10 (proportionately for one month of March 2010), 2010-11 and 2011-12 after accounting all admissible cost and permissible return. This works out to an average net deficit of 51.16% of the operating income for the period from March 2010 till end of March 2012 estimated at the existing tariff. The cost statement reflects operating deficit to the tune of Rs.123 crores even before allowing return on investment. In view of the overall deficit position reflected by the cost statement, there is a case for upward revision in the tariff of COPT.

(b). Many of the port users have objected to the proposed tariff increase mainly due to the high port cost already faced and for the fear of diversion of traffic. This Authority has the delicate task of balancing the interests of port users and viability of the service provider. The tariff guidelines recommends cost plus approach to tariff setting and the cost position for the port reveals a very high deficit, even without considering the return on investment to the port. This position emerges even after our attempt to moderate expenditure projection and considering immediate utilisation of revenue share receipts instead of preserving them for future need.

As can be seen later, increase in tariff is allowed to cover only part of the deficit.

A host of reasons contribute to the piquant financial position. The flow of cross subsidies to other activities from POL available earlier have dried up with approximately 80% of the operations shifting to SBM. The capacity is underutilised. Though the port has taken certain right decisions to expand through PPP mode, the financial effect will be felt possibly in the next tariff cycle only. Rationalisation of manpower and revision of datum have not yet taken place fully. There is, therefore, an extraordinary situation prevailing as of now and the ground realities and legacy costs cannot be brushed aside. This Authority would like to urge the COPT to take effective steps to curb expenditure, and to improve asset utilisation. The vast estate under its jurisdiction should be commercially exploited to full extent. The tariff increase is inevitable at the same time it should not deter the growth of the port. This Authority is well aware that the rates fixed now are ceiling levels and the port trust can exercise its discretion to lower the rates. It is expected that the port trust will exercise its discretion judiciously based on commercial considerations to promote volume growth.

(c). The port has proposed to maintain status quo in the wharfage rate except for a few items. It has proposed to reduce the wharfage rate for some of the cargo items such as thermal coal, other coal, sand, stones, sugar, etc. to retain the existing traffic and also as a trade promotion measure. Financial implication of the proposed reduction is not indicated as the port expects the increase in the volume of these cargo items to offset the reduction proposed in the unit rate. Though the cost statement for cargo handling activity reflects a surplus to the tune of Rs.10230 lakhs for the period 2009-10 (from March 2010) to 2011-12, it is mainly attributable to part of revenue share from IGTPL i.e. Rs.7409 lakhs added as revenue for the corresponding period and also due to surplus reflected in the POL activity as per the cost statement submitted by the port. The general cargo activity as per the statement submitted by the port shows a deficit. Since the port as a whole reflects a huge net deficit position for all the years under the current tariff cycle and the also for the past period, it is not found appropriate to effect any reduction in the existing tariff as it would then escalate the deficit position which will shift the burden on some other segment. Since tariff approved by this Authority are ceiling level, the COPT may based on commercial consideration reduce the rate prescribed by this Authority.

The port has proposed to increase wharfage rate on defence goods from existing Rs.93.25 to Rs.180 per tonne i.e. 93% increase to cover additional costs in view of the higher risk involved, incremental costs like special fire fighting services, additional deployment of security system, separate storage space etc. The port has not furnished any cost analysis of the incremental cost to justify the increase proposed in the rates. Since the general cargo handling activity is reported to be in deficit by the port, the increase proposed in wharfage of defence goods is allowed but restricted to 40% increase over the existing tariff as proposed for other vessel related tariff items. The additional income on account of the increase allowed could not be assessed as the port has not furnished the quantum of this cargo item estimated to be handled during the next three years nor the details for the past period is available to make a reasonable assessment.

(d). In absolute terms, on a stand alone basis, the vessel related activity shows a total net deficit of Rs.31049 lakhs for the period 2009-10 (from March 2010) till March 2012. This works out to an average net deficit of 176.60%. The total surplus of Rs.10230 lakhs in the cargo handling activity partly cross subsidises the deficit in the vessel related activity and still leaves a deficit of Rs.20819 lakhs.

The port has in general has proposed 40% increase in the vessel related charges. It has proposed to rationalise berth hire with single slab for each categories of vessels as against existing six slabs. It is stated that most of the users/ user associations have stated that the existing vessel related charges itself are very high in comparison to the neighbouring ports and hence have strongly objected the increase proposed by the COPT in the vessel related tariff. In view of the huge deficit reflected in the vessel related activity to the tune of Rs.20819 lakhs ever after allowing cross-subsidisation from cargo activity and adjusting revenue share receipt to meet part of dredging expenses besides not allowing any return on part of the capital dredging expenditure, an increase of 40% proposed in all the existing vessel related tariff items is approved except in berth hire and other amendments which are explained in the subsequent analysis.

(e). In the revised proposal, the port has proposed separate and higher vessel related rates viz. port dues, pilotage, berth hire etc., for the ICTT terminal to be operated by the IGTPL. The existing vessel related tariff is proposed to be increased by 50% for vessels handled at ICTT, as against 40% increase proposed for other categories of vessels / berths. The port has proposed separate higher level of tariff for vessels calling at ICTT to recover additional cost on maintaining channel depth. The port has not furnished any cost analysis to show the cost of providing services to this category of vessels to justify the differential tariff proposed. It is notable that almost 77% of the cost towards capital dredging cost for the ICTT project is funded by the Government. In the revenue model considered in this exercise, for the reasons explained, part of the revenue share receivable from the IGTPL will go to meet the increase maintenance dredging expenses estimated. As admitted by the port, ICTT is an important project and as a transhipment terminal, its success will largely dependent upon the quality of service and competitive pricing. Realising this position, it may be recalled that the container handling charges at ICTT, which were fixed in 2009, were moderated in the initial phase. It is necessary to maintain the same spirit while determining vessel related charges also. That being so, and also in the absence of any cost analysis furnished by the port to justify the higher tariff proposed, this Authority is not inclined to accept the proposal for levy of separate higher vessel related tariff for ICTT at this juncture. The port may, if it becomes absolutely necessary, come up with a well analysed proposal with cost details to justify the differential rate, if any, to be prescribed for ICTT.

(f). Vessel related tariff i.e. port dues and pilotage for crude oil tankers calling at the Single Buoy Mooring are proposed separately in the revised proposed Scale of Rates. The port dues proposed are same as prescribed for tanker vessels calling at the oil berths of port. This is in line with the decision of this Authority in Order No.TAMP/32/2007-COPT dated 17 December 2008 fixing tariff for SBM operations.

In the original proposal, the port had proposed the existing pilotage fee and pull back charges to continue with reference to the SBM operations. It is relevant to mention that while approving the initial tariff for SBM operations, the then exiting pilotage service was allowed to continue in the absence of any cost details furnished by the port with a condition to file a well analysed proposal during the next revision. On being pointed out that while fixing initial tariff for SBM operations, it was decided to review the pilotage fee as well as pull back charge with the general revision of its SOR, the port has subsequently furnished separate cost statement for SBM operations for determining the rate for pilotage fee and for review of rates for pull back operations. With reference to the cost statement submitted by the port the following gaps are observed:

(i). The overhead is estimated at 10% of the tug hire charge. The share of other the general overheads of the port is not recognised for determining the cost for offering pull back and pilotage service at SBM. The return on other common assets of the port and the relevant vessel related assets has not been allocated to the SBM activity.

Even if this position is accepted for pull back operations recognising that it is new service, for pilotage services offered by the port at the SBM it cannot be denied that the vessels calling at SBM need to contribute their share towards the common overheads and return on common assets and the relevant vessel related assets. If common overheads and return on common assets are not allocated for determining the unit rate for pilotage service for SBM operations, it will mean that the other vessels are over burdened to that extent.

(ii). The total cost estimated for operating SBM for the year 2009-10 plus 16% return is proposed to be recovered equally amongst the two activities viz. pilotage service and pull back operations. The efforts involved in terms of number of hours of utilisation tugs for providing the respective two services is not considered for allocating the total cost.

(iii). This Authority in the tariff Order of December 2008 had advised the port to recognise the utilisation of tug for other operations of the port when not in use by the SBM. The port has not recognised this point in the instant proposal.

In view of the above gaps, the port is advised to come with a well analysed proposal at the time of next tariff review addressing the gaps observed. In the current exercise, the working furnished by the port is modified as explained hereunder for deriving the unit rate for pilotage fee and pull back operations for SBM operations. The port has done this exercise only for the year 2009-10. In our analysis, the rate is determined based on the estimates furnished by the port years 2009-10 (from March 2010) to 2011-12 subject to modification explained here under:

(i). The port has confirmed that the number of vessels both foreign and coastal and GRT of vessel to be handled at the SBM are based on the details furnished by the BPCL - Kochin Refineries Limited which is fully relied upon.

(ii). All the items under the operating cost (except tug hire charge for which a separate hire agreement is entered by the port) are escalated by 5.8% per annum as against 5% annual escalation considered by the port. The estimation of fuel cost is adjusted for increase in the vessel traffic estimation during each of the years.

(iii). 16% Return is allowed on the Vessel traffic management system allocated to this activity but on the Written down value of assets as per the tariff guidelines.

(iv). For deriving the unit rate for pilotage services, the general overheads allocated by the port in the year 2008-09 to pilotage activity is taken as the base and suitable annual escalation is provided. As per the statistical details furnished by the port, the share of the GRT of vessels handled at the SBM during the year 2008-09 to the total vessels handled during the year is 30%. It is felt that all the general overheads allocated by the port under the pilotage activity of port may not be relevant to the SBM activity. But in the absence of any other basis, only 20% of the general overheads under pilotage activity is allocated to the pilotage activity under the SBM. Likewise, return on net fixed assets allocated by the port to pilotage activity in the year 2009-10 is taken as the base and 20% thereof is allocated to SBM activity towards common assets.

(v). Based on our calculation, the total estimated revenue to be recovered from pull back service comes to Rs.1369.29 lakhs for the period from March 2010 to March 2012.

The existing tariff is proposed to be increased from US$560.25 to U$601.25 per tug per hour by the port. The unit rate arrived by the COPT is based on the approach followed by this Authority in the tariff Order of December 17 2008. It is notable that despite moderating cost plus return estimated by COPT during the initial fixation, the unit rate determined by the port for pull back operation shows an increase mainly because of change in the share of foreign and coastal vessel traffic.

Following the same approach and based on the pull back hours furnished by the port but on the modified cost plus return estimated for the tariff cycle period from March 2010 to March 2012, the unit rate per tug per hour for foreign vessel works out to US$606.56. The port has applied the exchange rate of 1US$ = Rs.48 for arriving at the dollar denominated rate for foreign going vessel. The exchange rate prevailing at the time of analysis is 1US$ = Rs.45.735 which is considered in our calculation. Accordingly, the revised rate works out to US$606.56 per tug hour for foreign going vessel as against US$601.25 per hour proposed by the port. The rate for the coastal vessel is prescribed at Rs.16645 per tug per hour as against Rs.17316 determined by the port. The increase at the revised tariff approved is 8.3% for foreign going vessel and 2.2% for coastal vessel.

Based on our calculation, the total revenue to be recovered from pilotage service comes to Rs.2220.11 lakhs for the period from March 2010 to March 2012 and the unit rate based on the approach followed by the port and considering the GRT of vessels reportedly furnished based on the information obtained from the BPCL works out to U$0.4259 per GRT.

The unit rate of pilotage fee based on the working of the port is US$ 0.302 per GRT. The port has proposed to adopt the unit rate of pilotage fee at US$ 0.302 per GRT as the base rate for vessels above 60000 GRT and escalated the unit rates for the first two slabs. Such escalation from the base rate is not supported by any analysis done by the port with reference to number of vessels and the average GRT of vessels in the first two slabs. There is, therefore, no justification to prescribe escalated rate for the first two slabs when the average cost based rate works out to US$0.4259 per GRT. It is admitted that the guidelines require the pilotage fee to be prescribed in three slabs. But in the instant case, recognising that the tariff to be recovered is from a single user i.e. BPCL, it will not put them in any disadvantageous position even if a single rate is prescribed. As far as the port is concerned, the single rate prescribed will cover its costs. That being so, the pilotage fee for foreign going vessel is prescribed at US$0.4259 per GRT for foreign vessel and Rs.11.69 per GRT for coastal vessel. The revised rates will mean 6% increase for foreign going vessels and 8.7% increase for coastal vessel over 60000 GRT over the pilotage fee allowed to continue in the initial tariff as a interim arrangement. For vessels upto 30000 GRT, the revised rate will mean 24% to 25% reduction and for vessels in the range of 30000 to 60000 GRT, the effect will be 5% to 7% reduction in the existing tariff. Thus for most of the categories it will mean reduction and the increase for vessels above 60000 GRT is marginal in comparison to 40% increase granted in pilotage fee for other categories of vessels.

The overall impact of the revised tariff of SPM for pull back and pilotage will result in Rs.1.65 crores reduction in the estimated income during the years 2009-10 (March 2010), 2010-11 and 2011-12.

A copy of the cost statement relating to operations at the Single Point Mooring is attached as **Annex - II**.

(g). Clause 6.5.1 of the tariff guidelines of 2005 stipulate prescription of Berth hire charges by grouping berths having comparable services/facilities with rebate for major components of services/facilities not provided. Further, Clause 6.10 of the tariff guidelines of 2005 requires prescription of berth hire in single slab.

The port had in the initial proposal proposed a uniform berth hire rate for all berths as against existing berth hire prescribed in six slabs for group of berths having similar facilities. The proposal of the COPT tantamount not only in exorbitant increase in the existing berth hire charges but also ignore grouping of berths with comparable facilities. The proposed berth hire resulted in 99% to 400% increase in the existing berth hire charges for various slabs/ group of berths. The COPT was, therefore, requested to propose suitable slab structure to smoothen the impact in line with the approach followed in the case of the Visakhapatnam Port Trust and Mormugao Port Trust. In the revised proposed Scale of Rates submitted by the port vide letter dated 28 October 2009, it has proposed berth hire rate in single slab for different groups of berths but the basis of arriving at the proposed rate and the impact analysis of the proposed tariff on the existing categories of vessel was not furnished. After repeated requests, the port has reviewed the tariff proposal for berth hire and furnished the revised rationalised berth hire tariff structure in three tier slabs reportedly based on the statistics of 2008-09 actuals.

Since the introduction of a single slab berth hire at one go is likely to have significant impact on majority of the vessels, the relevant provisions of the tariff guidelines needs to be applied in phases. It is, found appropriate to introduce rationalization gradually to smoothen the tariff burden. It is notable that this Authority has relaxed the provisions of tariff guidelines and prescribed rationalized berth hire in two or three slabs in other major ports trusts such as Visakhapatnam Port Trust and Mormugao Port Trust also.

For arriving at rationalized tariff structure, the port has first determined the average berth hire rate by suitably clubbing the existing six tier slabs into three slabs. This exercise is done for each group of berths and separately for both foreign and coastal vessel. The average berth hire rate so determined under each of the rationalized slab is increased by 40% by the port to arrive at the revised rate. There seems to be error in the calculation of the berth hire by the COPT to the extent it does not recognise the number of vessels under each slabs while arriving at the average berth hire rate. The calculation of berth hire furnished by the COPT is modified to that extent.

It is observed that the berth hire prescribed in the existing Scale of Rates for the fourth and fifth slab viz. 15001 GRT to 30000 GRT and 30001 GRT to 60000 GRT vessels are the same for all the berths except for stream berth. That being so, in our analysis for determining rationalised berth hire these two slabs are merged for arriving at the rate for second slab and the rate for last slab is for vessel above 60000 GRT.

The analysis done by the port for arriving at the rationalised berth hire structure is for selective vessels and does not capture all the vessels handled during the year 2008-09. Notwithstanding the above gap observed, recognising that this exercise is only to arrive at the rationalised berth hire structure on a logical basis with an objective of smoothening the impact of the tariff increase, the calculation furnished by the port is considered in this analysis subject to the modification explained in the preceding paragraph. Since rationalisation in tariff structure may lead to some additional revenue based on the analysis done at other major ports, the increase in the average berth hire revenue per GRT after clubbing the existing slabs is restricted to 30% instead of 40% increase proposed by the port. The rate for coastal vessel is determined based on the approach followed for foreign vessel. Lower of such determined rate and the rationalised berth hire for foreign vessel after the applicable concession to this coastal category is prescribed.

It is notable that in August 2009 while fixing the tariff for ICTT terminal, the IGTPL had claimed that berth hire charges should form part of IGTPL's tariff for ICTT operations since the berth is constructed by IGTPL. The COPT, however, contested this claim of the IGTPL and stated that according to clause 4.1. (a) IGTPL can levy only container related charges for the services rendered at ICTT. Clause 4.1.(b) of the License Agreement further clarifies the matter that all Port Dues, Pilotage, Berth Hire and other vessel related charges shall accrue to the Licensor (Cochin Port) for such services provided by the Licensor.

This Authority while fixing the tariff for ICTT vide Order No.TAMP/25/2008-IGTPL dated 5 August 2009 has not prescribed berth hire in the SOR of IGTPL for ICTT operations. Both the COPT and IGTPL have been advised to resolve issues between themselves in the manner provided in the license agreement. Notwithstanding the dispute, the berth hire for ICTT operations is prescribed in the Scale of Rates of the COPT which should not be seen as this Authority prejudging the issue. If the dispute between the port and the IGTPL in this regard is resolved and its is established that the berth hire charges is to be collected by the operator, then suitable modifications will be done in the Scale of Rates of both the IGTPL and the COPT.

(h). The net additional income at the revised tariff to be approved and also taking into consideration the revenue impact of withdrawal of concession to cruise vessel, revision in the rates proposed for CFS activities which is being dealt with separately, revised tariff for SPM operations, is estimated to be Rs.49.90 crores for the years 2009-10 (only March 2010), 2010-11 and 2011-12. This still leaves a deficit of Rs.158.28 crores. It has to be recognised that additional income likely to accrue to the port from the following items are not recognised in the financial model in the absence of specific information from the port:

(i). Traffic and income from the cargo likely to be handled at the RGCT when the terminal is reverted to the port.

(ii). Reduction in employee cost possible on account of implementation of the revised manning scale.

(iii). Impact of cost control measures to be taken by the port during the next three years.

(iv). Financial impact of withdrawal of concession in the vessel related charges to main line container vessels.

(v). The exact impact of rationalization in berth hire.

(vi). Additional revenue due to revision of tariff introduced in dry dock area.

(vii). Increase allowed in wharfage rate for defence goods, separate wharfage rate prescribed for motor cars/ motor cycles, specific wharfage rate prescribed instead of existing advalorem rate for some of the other items, withdrawal of various cargo items from the list which are presently exempted from wharfage.

(viii). Revenue implication on account of land to be allotted on license basis for transit storage.

(ix). With reference to the Dredger Nehru Shatabdi, the port is already collecting the proposed tariff which is 108% hike over the existing tariff on adhoc basis. Though the port has stated that the income estimation is based on the proposed rate presently collected by the port, there is no working furnished by the port to test the reasonableness of the figures. As per the analysis done in that case, the increase allowed is *43.3%* which is closer to the increase allowed in the vessel related activity. The impact of restricting the increase to *43.3*% as against 108% proposed by the port could not be assessed in the absence of relevant details.

(x). Various miscellaneous charges newly introduced, such as charges of issue of wharf entry permit, embarkation/ disembarkation charges, charges for passenger launches, modified toll charges, vehicle parking charges, VCD cancellation charges, etc.

The additional income likely to accrue to the port in view of the above points may further enable the port to bridge the deficit to some extent. Further, revision of estate rental and new rates proposed for Puthuvypeen and Vallarpadam which is being dealt with separately is also expected to generate additional revenue to the port. The port should explore the possibilities of commercially exploiting the estate area so as to wipe the deficit in the estate activity and to some extent offset the deficit in the core services of the port. In any case it has to be recognised that the port itself has not proposed to cover the full deficit in the instant tariff proposal probably recognising the impact on the traffic volume of the port.

(xiii). The COPT has proposed to modify the existing definitions of the term “Cruise Vessel” to state that it shall not include passengers vessel plying on fixed route. As no special tariff arrangement is prescribed in the revised Scale of Rates for this category of vessel, it is not found necessary to define the term cruise vessel in the Scale of Rates. The existing definition of “Day” is proposed to be modified to state 24 hours will start from 0600 hours of a day and end at 0600 hours on following day. Since the proposed modification is for operational convenience of the port, the same is incorporated.

Apart from this, COPT has proposed to incorporate definition of various terms such as Hazardous Container, Hazardous Cargo, Less than a Container Load (LCL), Month, Reefer Container, Vessel Completion Date (VCD), etc. The definition of the terms which are found to be in line with the definition prescribed in the existing Scale of Rates of other Major Ports / Private Terminal are incorporated in the Scale of Rates of COPT. The COPT has also proposed to define the term Ship to Ship (STS) and Single Buoy Mooring (SBM) based on the experience gained in the operations. The term STS is defined to cover to cover transhipment of cargo through transfer of bulk liquid / gas cargo from one vessel to another vessel(s) at a designated place within the notified jurisdiction of Cochin Port for destination to other ports. The inclusion of the words “transhipment of cargo” in the definition of STS can lead to confusion. The port at some other place in the SOR while prescribing concessional wharfage on transhipment cargo has excluded the application of the said concession for STS cargo which clarifies the intention of the port. Hence the definition of the term “STS” is partially modified by deleting the said words. The definition of the term SBM is incorporated as proposed by the port. Some of the other proposed definitions which are not found relevant are excluded.

(xiv). The penal interest on delayed payments by the user and refunds by the port has been proposed at 13.75% which is 2% above the prevailing Prime Lending Rate of State Bank of India reported at 11.75%. The proposed provision is found to be in line with clause 2.18.2. of the tariff guidelines.

(xv). The minimum charge for recovery on any application / bill and, minimum claim for refund by port and supplementary bill raised by the port is proposed to be increased from existing Rs.50/- to Rs.100/- which is accepted.

(xvi). The existing provision granting 33% rebates to foreign cruise vessel in the vessel related charges is proposed to be deleted. The port has justified that despite granting concession to this category of vessels, there has been no steady growth in cruise traffic in the last three years. Granting concessions in tariff is essentially governed by the commercial considerations of a port. Neither any Government directive nor the tariff guidelines mandate a concession to be given to the category of vessels in reference. The proposal to withdraw the existing concession applicable to foreign cruise vessel is, therefore, accepted. Notwithstanding withdrawal of the concession, the port, in deserving cases, can reduce the rates prescribed in the Scale of Rates in view of the general delegation of power given to it in this regard. The additional revenue estimated at Rs.1.5 crores per annum at the existing level of traffic on account of withdrawal of concession has been considered while analysing the revenue position of the port.

(xvii). During the last revision, the COPT was advised to take adequate insurance cover and include the insurance cost in the tariff fixation and propose suitable modification in the existing provision of claiming damage to port properties while formulating the next tariff revision proposal. The port has, however, not adhered to our suggestion. It has stated that the insurance cover is taken for some specific assets only. It is understood that the Secretary (Shipping) in an Indian Ports Association (IPA) meeting held on 15 October 2005 had advised all Major Ports to adequately cover the port assets. Since the port equipment are not fully insured, the existing provision is allowed to continue in the current exercise with an advise to the port to examine this issue in depth and take necessary steps early.

(xviii). The port has proposed to include conditions relating to applicability of port dues, pilotage, berth hire. It states that port dues shall be applicable as per the status of the vessel at the time of entry into the port, the berth hire will be based on the status of the vessel at the beginning of the relevant block. With reference to pilotage fee, it has stated that if the status of the vessel is changed during the stay in the port, then 50% of the pilotage fee for inward and outward leg will be charged depending upon the status of the vessel at each leg. The proposed conditions are relevant in the context of allowing coastal concession and in line with the clarification issued by this Authority vide Order No.TAMP/65/2001-Genl dated 8 April 2002.

(xix). The existing condition stating that the users shall not be required to pay charges for delays beyond a reasonable level attributable to the port is proposed to be deleted. On seeking explanation, the port has clarified that such cases are rare and hence the existing condition is deleted. The said note stipulated in the existing Scale of Rates is a general condition as per Clause 2.15 of the tariff guidelines. The existing condition will continue in the Scale of Rates of COPT in line with the prescription in the Scale of Rates of other Major Ports/ Private Terminals.

(xx). As stated earlier, the port has not indicated the exchange rate adopted for estimation of vessel related income for the years 2009-10 to 2011-12. It is found that while prescribing the concessional tariff in the vessel related charges for coastal vessel, the COPT has considered an exchange rate of Rs.46.71 for the purpose of conversion of dollar denominated rate into rupee terms. Restatement of rates at the time of tariff review is not in line with the tariff guidelines. It is relevant to mention that the exchange rate considered at the time of last general revision of Scale of Rates of COPT was Rs.44.60 which is lower than the exchange rate of 1 US $ = Rs.45.735 prevailing at the time of analysis of this case. It has to be recognised that the objective of the relevant guidelines is to ensure that the coastal vessels are not burdened periodically on account of the accumulated effect of fluctuation in the exchange rate. The revised vessel related tariff for coastal vessels are calculated by applying the percentage increase allowed on the respective tariff items.

(xxi). The port has proposed to modify the frequency of levy of port dues in respect of coastal vessel from existing unit of levy prescribed at once in 30 days to per entry basis. Since port dues is a fee for entry of a vessel into the port limit, it is logical that the levy should be based on entry basis. However, while doing so, corresponding adjustments should also be done in the base rate also. The COPT while proposing amendment in the unit of levy of port dues for coastal vessel has not made any corresponding adjustment in the unit rate nor has it furnished the requisite information sought by this Authority for making necessary adjustment. It is true that port dues are payable by foreign going vessel for every entry at COPT. Recognising that the share of coastal vessels in the total vessel is almost 50%, it is not found appropriate to modify the frequency of levy of port dues for coastal vessel without analysing the revenue impact thereof on the users. The COPT is advised to propose any change in the frequency of levy of port dues for coastal vessel with corresponding adjustments in base rate.

(xxii). The port has proposed to widen the existing basket granting full exemption in port dues to vessel leaving the port limits due to cyclone threats and reentering the port, vessel having entered the port leaves it within 48 hours without discharging or taking in any passenger or cargo, vessel of war belonging to or in the service of Republic of India. There is no uniformity in the Scale of Rates of various Major Ports for granting exemption in port dues.

The existing provision exempting 50% port dues in respect of vessels which have entered the port but do not discharge or take in any passengers or cargo therein is prescribed as per the provisions of the Major Port Trusts Act. Since the rates prescribed are ceiling level only, the port may any time exercise the powers available with them and fully exempt vessel leaving within 48 hours without any operations from levy of port dues. Likewise, the port at its discretion can exempt vessels having left the port due to cyclone and re-enters from payment of port dues.

Vessel of war belonging to any Foreign Prince or State or in service of Central of State Government is exempted from the provisions as per Indian Ports Act. The proposal of the port to exempt vessel of war belonging to Foreign Prince or State or in service of the Republic of India is incorporated, except clarifying that it shall apply to non commercial vessels.

(xxiii). The charges for detention of pilot and charges for canceling the requisition of service of pilot are proposed to be increased by 100% to discourage this practice. The increase proposed in this tariff item is restricted to 40% in line with the tariff increase allowed for other vessel related charges.

(xxiv). The unit rate for shifting charge is proposed by the port at 50% of the proposed pilotage fee. The increase in the tariff works out to almost 180% from the existing level. The existing shifting charge is increase by 40% in line with the increase allowed for other vessel related charges.

Despite specific advice rendered during the last two tariff revisions, the port has not proposed shifting charge on cost based but has continued to link it to the pilotage fee. The COPT is again advised to prescribe the shifting charge from one berth to other or from berth to any other point based on the cost of services rendered at the time of formulating the next tariff revision proposal.

(xxv). (a). In the revised proposal, the port has proposed to introduce a rate for stayal of floating craft / bodies in port waters under the Schedule of berth hire for other vessels. The rate proposed by the port is at par with the berth hire rate proposed for lash barge. The rate proposed by the port is prescribed for floating craft / bodies occupying port's berth. In case where floating bodies do not occupy the port's berth, but remain only in the port water area, then separate rate for this category is prescribed at par with the fleeting charge prescribed for barges at fleeting area.

(b). The existing Scale of Rates of the COPT does not prescribe any separate berth hire tariff for inland water barge. The port has now proposed to introduce berth hire charge for inland water barges stating it to be part of standardisation. The basis of arriving at the proposed rate is not explained by the port. In the absence of any basis explained by the port but at the same time recognising the need to prescribe tariff for this item, the lowest berth hire prescribed in the berth hire schedule is prescribed for inland water barge.

(xxvi). (a). The existing Scale of Rates of COPT prescribes charges for dry dock in two slabs i.e. for the first day and for every subsequent day. The port has proposed tariff in four slabs and has also proposed to introduce for tariff for other services like arranging blocks, slipway, removing and refitting blocks and various other conditions with tariff impact thereof. The slab-wise tariff proposed by the COPT will lead to 238% to 745% increase in the existing tariff. The port has clarified that steep hike has been proposed to avoid undue misuse of dry docking facilities by smaller craft which consequently affects the whole dry docking plan of the Port. Recognising that the dry dock facilities is mainly used by the port for its own use and occasionally given to outside agencies when not in use by the port and also recognising that steep hike proposed is to stop the misuse of the facility and to act as a disincentive from occupying the dry dock for a long period, the tariff proposed by the port is incorporated in the revised Scale of Rates. The actual income from dry dock for the past period is negligible in the range of Rs.3 to Rs.11 lakhs and hence will not have any significant impact on the revenue.

(b). The income and the expense relating to the dry dock is reflected in the cost statement filed for vessel related activity. The port has rightly shifted the schedule for this item presently prescribed under Miscellaneous Charge to Vessel Related Charges. The existing Scale of Rates prescribes charges for use of dry dock in rupee denomination. The port has now proposed to prescribe separate rate for foreign going vessel in dollar terms. This is in line with the prescription of dry dock charges in the Scale of Rates of other Major Port Trusts, such as Mumbai Port Trust, Kolkata port Trust, etc., and hence is accepted. Tariff for foreign going vessels are prescribed by applying the prevailing foreign exchange rate considered in this analysis.

(c). The port has proposed to introduce rates for arranging blocks, slip way, etc., since the existing Scale of Rates does not prescribe any rates for such services. The port has not furnished any basis for the rates proposed. However, recognising that none of the users/ user associations have made any pointed objection on the new rates and the new conditions proposed in this schedule and also recognising that this may not have significant revenue impact as the dry dock is mainly used by the port and occasionally given to outsiders as reported by the port, the proposal of the port is accepted.

(xxvii).(a). The nomenclature prescribed in the existing Scale of Rates as 'timber' is proposed to be widened to include timber log also and the unit of levy is proposed to be modified from existing per tonne basis to cubic metre basis. The port has explained that concessional wharfage rate on timber is being levied at Rs.34 per cubic metre basis almost at par with the rate prescribed in the Scale of Rates of the Tuticorin Port Trust at Rs.31 per cubic metre. Since the proposal of the port is to continue with the existing wharfage rate collected by the port on cubic metre basis for this cargo, it is accepted. In this context, it is relevant to state that at other major timber handling ports such as Kandla Port Trust, Tuticorin Port Trust and at Chennai Port Trust (CHPT), the wharfage on timber at CHPT (it is timber other than logs) is prescribed on per cubic metre basis.

(b). Wharfage rate prescribed on advalorem basis for some of the cargo items such as Coffee, Motor Cars, Trucks, Oleoresins, Tea & Spices and items other than specified in the Schedule are done away with. As against this, the port has proposed a single entry i.e. goods not specified in the wharfage schedule and proposed the rate at Rs.100 per tonne. The rate proposed by the port is comparable to the highest wharfage rate prescribed in the existing Scale of Rates. In view of this and also recognising that there has not been any pointed objection from the users / user association, the proposed rate is approved. In any case cargo traffic from the other items is not significant as stated by the port.

(c). Wharfage rate for motor cars, trucks, etc., is presently prescribed at 0.28% on advalorem basis. The port has now proposed wharfage rate for motor cars at Rs.3000 per vehicle by RORO system and Rs.6000 per vehicle for loading/ unloading other than by RORO system. For motor cycles, a separate wharfage rate is proposed at Rs.500 per vehicle. It is appreciated that the port has proposed unit rate for this category moving away from advalorem rate, but it has not substantiated the proposed rates with working. The wharfage rate on motor cars is prescribed on advalorem basis for RORO movement and specific wharfage is prescribed for motor cars other than by RORO in the Scale of Rates of Chennai Port Trust. Advalorem wharfage rate and separate onboard stevedoring for motor cars are prescribed in the Scale of Rates at Mumbai Port Trust. The wharfage rate proposed by the COPT for motor cars other than by RORO system are found to be significantly higher than the rate prescribed at the CHPT.

In the absence of any other basis, to start with the unit rate for motor cars by RORO is prescribed at Rs.1500 for RORO assuming average vehicle cost to be around Rs.5 to Rs.5.5 lakhs and applying the existing advalorem rate. For motor cars handled other than by RORO the wharfage rate is prescribed at Rs.3000 which is comparable to the rates prescribed for this category in the Scale of Rates of the CHPT. The rates proposed for motor cycle is accepted as proposed by the port. It is notable the traffic break up does not show traffic of motor cars or vehicles handled by the port for the past period 2006-07 to 2008-09 and hence the revenue impact of the proposed tariff items cannot be assessed. In case the port is placed in any disadvantageous position in view of the rates now prescribed, it may come up with well analysed proposal based on the cost of providing the service along with the revenue impact thereof.

(d). Wharfage rate of Rs.40/- per each cargo ticket is proposed to be introduced for cargo / excess baggage carried by Lakshwadeep passengers. The port has despite request not explained the circumstances warranting introduction of the rate proposed except making a general statement that it is for additional baggage carried other than the personal baggage. The service provided by the port for levy of the proposed tariff is not explained. In case the port deems it necessary, it may file a suitable proposal explaining the services provided by the port and justify it with reference to the cost or service provided along with the revenue implication thereof which can be considered by this Authority separately.

(e). The existing Scale of Rates exempts various cargo items from levy of wharfage. The existing provision is modified to exclude some of the items such as cargo temporarily landed from vessel for repairs and reshipped into the same vessel after completion of repairs, cargo temporarily landed from vessel under stress and then reshipped in the same vessel during the same voyage, sand or stone ballast, cargo after being shipped has relanded and reshipped in mooring by another vessel to suit the original vessel's convenience. The port has clarified that in all these cases cargo are using wharf facilities and hence exemption in wharfage is proposed to be withdrawn. Based on the clarification furnished by the port, the modification proposed in the existing condition is accepted.

(xxviii). (a). The free period for salvage goods and shut out cargo is proposed to be reduced from existing 7 / 12 days to 3 days. Clause 5.8.1 for the tariff guidelines give flexibility to major ports to determine the number of free period. The modification proposed by the port in the number of free days is accepted. As stated by the port it may not have significant financial implication as such occurrences are rare.

(b). The existing charge for demurrage is proposed to be reduced by around 90%. The port has explained that the existing slab based demurrage charges are telescopic and extremely high in comparison to the rates prescribed in the other neighbouring Ports. Further, users have also requested the port at various trade meets to reduce the existing rate and hence the reduction is proposed.

Since the proposal flows from the demand made by users and also recognising that it has proposed to provide additional area for storage of cargo even outside the wharves on license basis, the reduced tariff proposed by the port is accepted. It is assumed that the impact of reduction in income from demurrage will be compensated by the storage charge newly proposed to be introduced.

(c). As stated above, the port proposes a new tariff under the nomenclature of storage charge for transit area as it proposes to allot transit area both covered and open at wharves and the warehouse Nos. 1,2,3, 4 & 6 outside wharves on license basis. It is understood that under the existing system, tariff for such facility is being levied based on the lease rental prescribed in the existing Scale of Rates for temporary lease. When asked to confirm whether this schedule is in accordance with the Government guidelines on land policy issued in March 2004, the port has clarified that the licensing of transit area is proposed at a telescopic slab rate and is distinct from that of estate rentals proposed at a uniform rate. Some of the users have opposed the levy of storage charge proposed by the port. The port has justified that the storage charges have been refixed at a telescopic rate to mainly to discourage the users from retaining the storage areas for longer period and keeping it idle. It is notable that the existing Scale of Rates of other Major Port Trusts such as Mormugao Port Trust, Visakhapatnam Port Trust, etc., prescribe storage charge for transit sheds based on the area allotted. The users are expected to clear the cargo expeditiously for effective utilisation of the storage space. Viewed from this perspective, proposal of the port for levy of storage charge is accepted. The only modification done is that the unit of levy proposed by the port on per sq. mtr. per month basis is modified and prescribed on 'per sq. metre per week basis' with corresponding adjustment in the rates proposed. Accordingly, the rate for the first slab is proposed at Rs.10 per sq. metre per week for open area and Rs.12.50 per sq. week per month for covered area. The port has stated that there will not be any additional revenue on account of the proposed tariff arrangement.

(d). The Cochin Custom House Agents' Association has requested that warehouse Nos.1,2,3,4 & 6 outside wharves should not be treated as Transit area for recovery of storage charges. The area to be declared as transit area is an operational matter to be decided by the port based on the storage space required and the area available. The COPT has explicitly declared the areas as transit sheds in the proposed Scale of Rates to maintain transparency in the approach.

(e). Some of the proposed conditionalities governing the schedule of storage charge allows discretionary powers to specific port officials for allotment of land. As already held in the various cases, this Authority would prefer to prescribe conditionalities in a definite manner reducing the discretionary powers to any individuals. The proposed conditionalities are modified to that extent.

(f). The port has proposed a minimum recovery of Rs.1000 per allotment. The port has clarified that this translates to minimum allotment of 25 sq. mtrs. of open area or 20 sq. mtrs. of covered area. The proposal of the port is accepted. However, consequent to modification in unit of storage charge from per month to per week basis, the minimum recovery per allotment is also modified and prescribed at Rs.250 per week based on the minimum allotment of area assumed by the port.

(g). In compliance with the policy direction issued by the Ministry of Shipping (MOS) vide its Order No.PT-11033/46/2009-PT dated 21 August 2009, this Authority had passed an Order No.TAMP/29/2009-Misc dated 22 September 2009 amending the storage charge / license fee in respect of sugar and pulses for implementation by all major ports / private terminals and had subsequently passed a clarificatory Order on 5 February 2010. The said schedule along with the clarification issued are incorporated in the revised Scale of Rates of COPT. The said schedule shall remain in force until 31 March 2010 or until further Orders from the Ministry of Shipping in this regard.

(xxix). The charges for hire of equipment are proposed to be increased by 40% which is accepted in view of the overall deficit position of the port. The port has proposed to include hire charge for Oil Skimmer. When advised to justify the proposed rate, the port has clarified that it is generally being used for Port purposes and very rarely provided to outsiders. Based on the clarification furnished by the port and recognising that none of the users have raised any objection on this tariff item the rate proposed is approved.

(xxx). The existing Scale of Rates prescribes the rate for use of weighing scale (in the range of Rs.4.20 to Rs.9.8 per tonne) depending of bulk or other cargo and Rs.30.80 is prescribed for issue of weight certificate. The port has now proposed to levy tariff for use of weigh bridge on per vehicle basis. It has proposed of Rs.100 for a 20' trailer, Rs.50 for lorries and Rs.30 for LCVs for both laden / empty. A rough calculation with reference to the existing rate on per tonne basis plus the cost for issue of certificate shows that the rates proposed compare favourably with the existing rates and hence are accepted. The rates proposed should cover the cost of weighing as well as issue of weight certificate.

(xxxi). The port has proposed 40% increase in the wharfage charge of containers. The proposed increase is accepted in line with the general increase approved in the other tariff items. It has proposed to maintain status quo in the existing ground rent on containers. In any case this will not have any impact on the revenue as the port does not expect to handle containers at its berth.

(xxxii). The COPT has filed a separate proposal for revision of hire charge of Dredger Nehru Shatabdi and Floating Crane Periyar which is simultaneously processed by this Authority. The decision of the Authority in that case is incorporated in the revised Scale of Rates of the port.

The port has also filed separate proposals for fixation of charges for Container Freight Station (CFS) and fixation of way leave charge for cable TV lines and telephone cable lines.

In the existing Scale or Rates of the port, way leave charges for laying pipelines is rightly prescribed under Estate Rentals. The port has, however, in the tariff revision proposal included way leave charges for gas / oil pipe line under miscellaneous charge. This Authority in the various Orders has held that way leave charges is to be prescribed at par with lease rent applicable for respective land of the Major Port Trusts. The port has in the separate proposal filed for revision of estate rental included revision of way leave charges for laying pipelines, etc. That being so, it will be dealt with separately in the relevant estate revision proposal.

As regards the tariff proposed for CFS status quo is maintained and the proposal of the port in this regard will be disposed through a separate Order.

(xxxiii). The port has proposed a separate condition in the SOR stating that if containers lying at CFS and other port facilities are to be shifted for stuffing / destuffing, then housekeeping / shifting charge will have to be paid at the rates approved for the IGTPL who offers the said service. This condition is not proposed in the CFS proposal. It is not found relevant to prescribe such a condition in the Scale of Rates of the port. In any case, since the IGTPL is expected to move the containers operations from RGCT to ICTT at Vallarpadam, the proposed condition may not be relevant.

(xxxiv). (a). The port has proposed exorbitant increase in some of the miscellaneous services such as use of fire tender or fire pump from Rs.350/- to Rs.8000/- per hour, consumables to be recovered at actuals, etc., which are not substantiated with separate cost analysis. The charges for miscellaneous services are restricted to 40% in line with the tariff increase allowed in other items.

(b). The license fee for jetties, piers and boat pen is prescribed separately in the existing Scale of Rates in the range of Rs.335/- to Rs.800/- which is now proposed at a uniform rate of Rs.7400/- as a part of standardization. The proposed rate is found to be very high in comparison to general hike of 40% proposed for other items. The port has made a general statement that the increase proposed is in lieu of increase in dredging expense both capital and maintenance and other marine survey expense. The proposed tariff is not justified with a separate cost analysis to justify a special treatment. The increase is allowed only to the extent of 40% in the existing tariff for these items.

(c). The existing Scale of Rates prescribe separate tariff for old bunks and new bunks. The port has proposed to rationalise/ standardize the existing tariff but the basis for such rationalised tariff is not explained despite request. It is observed that the impact of such standardization will lead to 75% to 129% increase in the rate for some of the old bunks. The rationalization in the tariff is allowed subject to restricting the increase to the extent of 40% in the existing rates.

(d). The port has proposed to introduce tariff for some new items such as passenger launch at Rs.2000 per launch per day, penalty for VCN cancellation, vehicle parking fee after 8 hours free parking, etc. Since the proposal is for miscellaneous service, the proposal of the port for these items is approved. Incidentally there has not been any objection from the users / user association on the tariff proposed for these items.

(e). The charges proposed to be introduced for embarkation / disembarkation of passengers was Rs.100 per person. Subsequently, when this case was in advance stage of finalisation, the port vide letter dated 14 January 2010 has proposed to amend the schedule and has proposed to levy Rs.100 per person as passenger fee for all passengers and Rs.200 per person for passengers involving checking and baggage and screening. The subsequent proposal is a new tariff item. Since it did not form part of the original proposal which was taken up for consultation with users / user associations, it is not found appropriate to consider the tariff proposed at the final stage by the port. The tariff proposed for embarkation / disembarkation at Rs.100 per person in the original proposal is approved as it is comparable to the rate prescribed at Rs.150 per passenger in Mumbai Port Trust and Rs.100 per passenger in Kandla Port Trust. The port may, if necessary, come up with a separate suitable proposal for the new items proposed by it which could not be considered as part of this exercise.

(f). The tariff proposed for issue of wharf entry permits to authorised visitors in the original proposal has been modified subsequently by the port. The port has stated that the revised proposal was discussed with the users / user association in December 2009. Since the tariff proposed is for new system to ensure security requirement and to recover tariff for services which was offered free under the existing system and also recognising that the proposal has been discussed with the concerned users who have generally not opposed the revised tariff proposed, the proposal of the port is accepted.

Since the validity of the existing wharf passes (issued free to various users associations under the existing system) expired on 31 December 2009, the port proposes to implement the proposed rates on adhoc basis from 1 February 2010 as already agreed by the users pending approval of TAMP. Clause 2.17.1. to 2.17.4 of the tariff guidelines allow Port Trust to levy the tariff for new item on an adhoc basis simultaneously, with submission of proposal to TAMP subject to the condition that the adhoc rate must be derived based on existing notified tariffs for comparable service / cargo and it must be mutually agreed upon by the port and the concerned users. Since the proposed levy has been discussed by the port with the concerned users who have agreed for implementation of the rate on adhoc basis from 1 February 2010, this Authority allows the implementation of the proposed rate from 1 February 2010.

(g). The tariff proposed for taking photography or shooting films, erection of hoardings is approved as proposed by the port even though the increase proposed is more than 40% recognising that these tariff are for miscellaneous items are not related to port operations.

(h). The existing Scale of Rates prescribed toll charges per vehicle on daily basis and annual basis. The port has now proposed rates for quarterly, 6 monthly and on 9 monthly basis also. It has also included toll charges for prime movers and chassis, cranes, pay loaders separately. The proposal of the port is accepted.

(xxxv). The port has filed a separate proposal for revision of lease rental. The port has subsequently vide its letter dated 29 December 2009 stated that the revised proposal for revision of estate rental will be submitted based on the final the land valuation report submitted by the Approved Valuer. The revised proposal when received from the port will be processed separately following the Government guidelines of March 2004. Till such time, the existing schedule is continued to be included in the revised Scale of Rates of COPT.

(xxxvi). Some of the proposed provisions which are not in line with the common prescription at other major ports / private terminals and the revised tariff guidelines have been modified.

(xxxvii). In line with the direction issued by the Government under Section 111 of the Major Port Trusts Act, 1963 the rates approved by this Authority will be ceiling level and the rebates / discounts will be at the floor level. The COPT will have the flexibility to charge lower rate if it is so desires based on the commercial judgment of the port.

(xxxviii). The validity of the existing Scale of Rates of the COPT was last extended till 31 December 2009. The port is allowed to continue with levy of the existing tariff till the implementation of the revised Scale of Rates approved by this Authority. The revised tariff guidelines prescribe tariff validity cycle of the three years. As already mentioned earlier, the cost position considered in this analysis is for two years i.e. 2010-11 and 2011-12, hence the tariff prescribed will be for truncated validity period. The financial position considered for the purpose of this analysis is only till 31 March 2012, hence the validity of the revised Scale of Rates will also expire on 31 March 2012.

13.1. In the result, and for the reasons give above, and based on collective application of mind, this Authority approves the revised Scale of Rates of the COPT which is attached as **Annex - III**.

13.2. The tariff guidelines stipulate that the tariff approved by this Authority will come into effect 30 days from the notification of the Order in the Gazette and shall be in force till 31 March 2012. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

13.3. The tariff of the COPT has been fixed relying on the information furnished by the port and based on assumptions made as explained in the analysis. If this Authority, at any time, during the prescribed tariff validity period, finds that the actual position varies substantially from the estimations considered or there is deviation from the assumptions accepted herein, this Authority may require the COPT to file a proposal ahead of the schedule to review its tariff and to setoff fully the advantage accrued on account of such variations in the revised tariff.

13.4. In this regard, the COPT is requested furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year i.e. for the period ending on 30 June, 30 September, 31 December and 31 March of each of the years in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly period, TAMP will call upon the concerned port trust to submit their proposal for an ahead of scheduled review. If the COPT fails to file a tariff proposal within the time limit to be stipulated by TAMP, this Authority will proceed *suo motu* to review the tariff.

(Rani Jadhav)
Chairperson

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ANNEX - I (a)

Consolidated Cost statement of Cochin Port Trust

Rs. in lakhs

Sr.No.	Particulars	Actuals as furnished by COPT	Estimates furnished by COPT			Estimates modified by TAMP		
		2008-09	**2009-10**	**2010-11**	**2011-12**	**2009-10**	**2010-11**	**2011-12**
	Traffic (In MTs)	11.97	13.75	15.70	15.76	13.75	15.70	15.76
I	**Operating Income**							
	(i) Cargo/ Container Handling income	6424	7810	7166	7188	9318	10702	11637
	(ii) Vessel related income	8010	7860	8345	8615	7450	8345	8615
	(iii) Estate Income	4055	4622	3422	3422	2922	1722	1722
	Total Operating Income (i to iii)	**18489**	**20293**	**18934**	**19226**	**19690**	**20770**	**21975**
II	**Operating cost (excl depreciation)**							
	(i) Cargo Handling & storage	3145	3948	3024	3021	1806	1912	2023
	(ii) Port and dock facilities	8319	10967	15959	16347	11374	12650	13207
	(iii) Estate Activity	2171	2555	2682	2817	678	718	759
	Total Operating Cost (i to iii)	**13635**	**17470**	**21665**	**22185**	**13858**	**15279**	**15989**
III	Depreciation	947	1954	2578	2578	1817	2578	2578
IV	Mgt & Genl Admn Overheads	4963	5912	6208	6518	**5251**	**5555**	**5878**
V	Operating Surplus/(Deficit) (I)-(II)-(III)-(IV)	**-1057**	**-5044**	**-11517**	**-12054**	**-1236**	**-2642**	**-2469**
VI	**Finance & Miscellaneous Income**	**559**	**539**	**550**	**561**	**539**	**550**	**561**
VII	**Finance & Miscellaneous Expenses**							
	(i) Pension payment / contribution	**3866**	**4800**	5040	5292	5290	5597	5922
	(ii) Loss on sale of assets	0	0	0	0	0	0	0
	(iii) Others with details	0	358	375	394	108	114	121
	Total	**3866**	**5158**	**5415**	**5686**	**5398**	**5712**	**6043**
VIII	FMI Less FME (VI) - (VII)	-3307	-4618	-4865	-5125	-4859	-5162	-5482
IX	**Surplus before return (V) + (VIII)**	-4364	-9662	-16382	-17179	-6095	-7804	-7951
X	Capital Employed	47885	55668	95851	92734	39768	81119	78407
	(a). Captial dredging cost funded by grant in aid from the Government on which return is not allowed					0	29445	29147
	(b). Business Assets [other than (a) above]	45751	53616	93842	90769	37715	49666	47296
	(c). Business Related Assets	2085	2041	1997	1953	2041	1997	1953
	(d). Social obligation assets	12	12	12	12	12	12	11
XI	Return on Capital employed	7428	8708	15141	14647	6185	8094	7712
XII	Capacity Utilization in %	43%	49%	56%	56%	58.04%	56.06%	56.27%
XIII	RoCE adjusted for capacity utilization	3187	4276	8489	8242	3790	4892	4664
XIV	**Net (Deficit) (IX) - (XIII)**	-7551	-13938	-24871	-25422	-9885	-12696	-12614
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	-40.84%	-68.68%	-131.36%	-132.22%	-50.20%	-61.12%	-57.40%
XVI	**Average net deficit as % of income for the period March 2010 to March 2012**			**-131.79%**			**-58.88%**	

I	Cost statement for the port as a whole excluding esate activity		**2009-10**	**2010-11**	**2011-12**	**2009-10**	**2010-11**	**2011-12**
II	**Operating income excluding (estate activity) [(I(i)-I(iv)]**		**15670**	**15511**	**15804**	**16768**	**19048**	**20253**
III	Net deficit as in sr. No XIV above		-13938	-24871	-25422	-9885	-12696	-12614
IV	Less Net deficit pertaining to estate activity [Annex -I (d)]		-1032	-2795	-3031	-707	-2540	-2715
V	**Net deficit excluding estate activity**		**-12906**	**-22076**	**-22391**	**-9177**	**-10155**	**-9899**
VI	**Net Deficit as a % of operating income (V/II in %)**		**-82%**	**-142%**	**-142%**	**-54.73%**	**-53.31%**	**-48.88%**
VII	**Average net deficit as % of income for the period March 2010 to March 2012**			**-142.00%**			**-51.16%**	

ANNEX - I (b)

Cost statement for vessel related activity

Rs. in lakhs

Sr. No.	Particulars	2008-09 (Acutals furnished by COPT)	Estimates furnished by COPT			Estimates modified by TAMP		
			At existing tariff			At existing tariff		
			2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
I	Operating Income	**8010**	**7860**	**8345**	**8615**	**7450**	**8345**	**8615**
II	Operating Expenses							
	(i) Salary & wages	2511	2983	2987	3127	2983	3009	3183
	(ii) Power	0	0	0	0	0	0	0
	(iii) Fuel	604	952	845	876	734	886	938
	(iv) Repairs and maintenance	620	1407	1246	1292	1407	1246	1292
	(v) Dredging	3372	4200	9417	9517	6300	9650	10210
	Less met from revenue share receivable from the IGTPL					-949	-3744	-4098
	(vi) Others	1212	1425	1464	1535	899	1603	1682
	Total	**8319**	**10967**	**15959**	**16347**	**11374**	**12650**	**13207**
III	Depreciation	590	1050	1606	1606	1035	1606	1606
IV	Allocated share of Mgt & Genl overheads	2863	3582	3761	3949	3029	3204	3390
V	**Operating Surplus/ Deficit** (I)-(II)-(III)-(IV)	**-3762**	**-7738**	**-12980**	**-13286**	**-7988**	**-9114**	**-9587**
VI	Allocated share of FMI	242	209	213	217	209	213	217
VII	Allocated share of FME	2230	3125	3281	3445	3271	3460	3661
VIII	FMI Less FME (VI) - (VII)	-1987	-2916	-3068	-3228	-3062	-3247	-3444
IX	**Surplus / deficit (V) + (VIII)**	**-5750**	**-10654**	**-16048**	**-16514**	**-11049**	**-12362**	**-13031**
X	Total Capital Employed for the activity	13776	20505	63619	61696	15865	55611	53758
	Captial dredging cost funded by grant in aid from the Government on which return is not allowed						29445	29147
XI	Return on capital employed	**2204**	**3281**	**10179**	**9871**	**2538**	**4187**	**3938**
XII	Capacity Utilization in %	43	49	56	56	58.04%	56.06%	56.27%
XIII	RoCE adjusted for Capacity utilization	**942**	**1611**	**5707**	**5555**	**1520**	**2379**	**2230**
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	**-6692**	**-12265**	**-21754**	**-22069**	**-12569**	**-14740**	**-15261**
XV	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	**-84%**	**-156%**	**-261%**	**-256%**	**-168.7%**	**-176.6%**	**-177.1%**
XVI	**Average net deficit as % of income for the period March 2010 to March 2012**			**-258%**			**-176.60%**	

ANNEX - I (c)

Cost statement for cargo handling activity

Rs. in lakhs

Sr. No.	Particulars	2008-09 (Actuals as furnished by COPT)	Estimates furnished by COPT			Estimates modified by TAMP		
			At existing tariff			At existing tariff		
			2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
I	Operating Income	**6424**	**7810**	**7166**	**7188**	**7810**	**7517**	**7539**
	50% of Revenue share recevied / receivable treated as revenue in the estimates by us.	**0**	**0**	**0**	**0**	**1508**	**3185**	**4098**
	Total Income	**6424**	**7810**	**7166**	**7188**	**9318**	**10702**	**11637**
II	Operating Expenses							
	(i) Salary & wages	1255	1343	1410	1481	1343	1421	1503
	(ii) Power	0	0	0	0			
	(iii) Fuel	5	14	14	15	7	8	8
	(iv) Repairs and maintenance	155	411	432	453	411	435	460
	(v) Dredging (shifted to port and dock activity in our cost statement)	1686	2100	1083	983	0	0	0
	(vi) Others	43	81	85	89	46	48	51
	Total	**3145**	**3948**	**3024**	**3021**	**1806**	**1912**	**2023**
III	Depreciation	239	682	682	682	567	682	682
IV	Allocated share of Mgt & Genl overheads	844	978	1027	1079	893	945	1000
V	**Operating Surplus/ Deficit (I) - (II) - (III) - (IV)**	**2195**	**2202**	**2433**	**2407**	**6052**	**7163**	**7933**
VI	Allocated share of FMI	194	208	212	216	208	212	216
VII	Allocated share of FME	658	853	896	941	893	945	1000
VIII	FMI Less FME (VI) - (VII)	**-463**	**-646**	**-684**	**-725**	**-686**	**-733**	**-784**
IX	**Surplus / deficit (V) + (VIII)**	**1732**	**1556**	**1749**	**1682**	**5366**	**6430**	**7149**
X	Capital Employed for the activity	25441	28525	23626	22772	21456	20731	20007
XI	Return on capital employed	3975	4473	3693	3561	3352	3239	3127
XII	Capacity Utilization	43	49	56	56	58.04%	56.06%	56.27%
XIII	RoCE adjusted for Capacity utilization	1700	2196	2070	2004	1974	1845	1787
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	**32**	**-640**	**-322**	**-322**	**3392**	**4585**	**5362**
XV	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	**0%**	**-8%**	**-4%**	**-4%**	**43.4%**	**61.0%**	**71.1%**
XVI	**Average net deficit as % of income for the period March 2010 to March 2012**			**-4%**		**65.13%**		

ANNEX -I (d)

Cost statement for Estate activity

Rs. in lakhs

Sr. No.	Particulars	2008-09 (Acutals furnished by COPT)	Estimates furnished by COPT			Estimates modified by TAMP		
			At existing tariff			At existing tariff		
			2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
I	**Operating Income**							
	(i) Rent from land	2170	2721	1521	1521	2721	1521	1521
	(ii) Electricity Charges	1558	1700	1700	1700	0	0	0
	(iii) Water Charges	69	80	80	80	80	80	80
	(iv) Road Toll	97	80	80	80	80	80	80
	(v) Others	161	42	42	42	42	42	42
	Total	**4055**	**4622**	**3422**	**3422**	**2922**	**1722**	**1722**
II	**Direct Expenses**							
	(i) Estate Maintenance	415	679	713	749	439	465	491
	(ii) Administration & General Expense	203	191	200	210	215	227	240
	(iii) Electricity Charges	1530	1637	1719	1805	0	0	0
	(iv) Others	23	48	50	52	24	26	27
	Total	**2171**	**2555**	**2682**	**2817**	**678**	**718**	**759**
III	Depreciation	118	223	290	290	215	290	290
IV	Allocated share of Mgt & Genl overheads	1256	1352	1420	1491	1329	1406	1487
V	**Operating Surplus/ Deficit (I)-(II)-(III)-(IV)**	510	493	-970	-1175	700	-691	-814
VI	Allocated share of FMI	123	123	125	128	123	125	128
VII	Allocated share of FME	979	1180	1239	1300	1235	1306	1382
VIII	FMI Less FME (VI) - (VII)	-856	-1057	-1113	-1173	-1112	-1181	-1254
IX	**Surplus / deficit (V) + (VIII)**	**-346**	**-564**	**-2083**	**-2348**	**-412**	**-1872**	**-2069**
X	Capital Employed for the activity	8479	6634	8603	8263	2446	4776	4642
XI	Return on capital employed	1249	954	1269	1214	295	668	647
XII	Capacity Utilization	43	49	56	56			
XIII	RoCE adjusted for Capacity utilization	534	468	711	683	295	668	647
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	-880	-1032	-2795	-3031	-707	-2540	-2715
XV	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	**-22%**	**-22%**	**-82%**	**-89%**	**-24.2%**	**-147.5%**	**-157.6%**
XVI	**Average net surplus / deficit as % of income**			**-85%**			**-144.09%**	

ANNEX - II

Cost statement for the operations at Single Point Mooring for determining the rate for pilotage and pull back service

Rs. in crores

Sr. No.	Particulars	Actual	Estimates furnished by COPT			Estimates modified by TAMP		
		2008-09	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
I	**Vessel Traffic (Nos)**							
	Coastal	36	44	44	44	44	44	44
	Foreign	45	34	40	40	34	40	40
	Total	**81**	**78**	**84**	**84**	**78**	**84**	**84**
II	**Size (GRT)**							
	Coastal	1420358	1628000	1628000	1628000	1628000	1628000	1628000
	Foreign	3896898	3510000	4535000	4535000	3510000	4535000	4535000
	Total	**5317256**	**5138000**	**6163000**	**6163000**	**5138000**	**6163000**	**6163000**
	Average GRT							
	Coastal	39454	37000	37000	37000	37000	37000	37000
	Foreign	86598	103235	113375	113375	103235	113375	113375
III	**Pull Back Operation (hrs)**							
	Coastal	1029	1179	1179	1179	1179	1179	1179
	Foreign	1720	1549	2002	2002	1549	2002	2002
	Total	**2749**	**2728**	**3181**	**3181**	**2728**	**3181**	**3181**
IV	**Vessle Related Income (Rs. in crs.)**							
	(i). Pilotage	10.71	10.35	12.42	12.42	10.35	12.42	12.42
	(ii). Pull back	7.30	7.24	8.45	8.45	7.24	8.45	8.45
	Total Income	**18.01**	**17.60**	**20.86**	**20.86**	**17.60**	**20.86**	**20.86**
V	**Expenditure (Rs. in crs.)**							
	(i). Tug hire charges	9.86	9.86	9.86	9.88	9.86	9.86	9.86
	(ii). Fuel	1.16	1.22	1.28	1.34	1.23	1.40	1.48
	(iii). Water	0.02	0.02	0.02	0.02	0.02	0.02	0.02
	(iv). Vessel Traffic Management System - Dep (Rs.9 crores / 10 years) x 1/3)		0.30	0.30	0.30	0.30	0.30	0.30
	(v). Pilots establishment charges	0.17	0.17	0.20	0.20	0.17	0.18	0.19
	(vi). Overheads	0.99	0.99	0.99	0.99	0.99	0.99	0.99
	Total Cost	**12.19**	**12.55**	**12.64**	**12.74**	**12.55**	**12.74**	**12.85**
VI	**Return on Capital Employed** (16% on 1/3 of Capital employed i.e. Rs. 9 crores)		0.48	0.48	0.48	0.43	0.38	0.34
VII	**Total cost + Return**	**12.19**	**13.03**	**13.12**	**13.22**	**12.98**	**13.12**	**13.18**

(in Rs)

Computation for arriving at rate for Pull back operations after considering the concession applicable to coastal vessels

Sr. No.	Particulars	Furnished by COPT	Working by TAMP	Modified by TAMP considered for 2009-10 (March 2010, 2010-11 and 2011-12)
1	Total cost + ROCE to be recovered (from VII above) equally allocated between pilotage and pull back services for	**65133814**		**136928925**
2	(a). Pull back tug hours of coastal going vessel (as furnished by COPT)	**1179**		**2456**
	(b). Pull back tug hours of foreign vessel (as furnished by COPT)	**1549**		**4133**
	Total actual pull back hours (2 (a+b)	**2729**		**6589**
3	Working by COPT			
	1549x + 1179 * 0.6x =	**65133814**	2456x +4133 * 0.6x =	**136928925**
	1549x + 708x =	**65133814**	2456x +2480x =	**136928925**
	2257 x =	**65133814**	4936 x =	**136928925**
	x = (Foreign going vessel rate)	**28859**	**X=**	**27741**
4	Foreign going vessel rate in dollar terms applying the then prevailing exchange rate (port has considered exchange rate of 1US$ = Rs.48 which is updated based on the prevailing exchange rate at Rs.45.735 in our analysis) - per tug per hour	**601.25**		**606.56**
5	Coastal vessel Rate = 0.6 x foreign going vessel rate (per tug per hour)	**17316**		**16645**

Computation for arriving at rate for Pilotage fee for SBM after considering the concession applicable to coastal vessels

Sr. No.	Particulars	Furnished by COPT	Working by TAMP	Modified by TAMP considered for 2009-10 (March 2010, 2010-11 and 2011-12)
1	Total cost + ROCE to be recovered (from VII above) equally allocated between pilotage and pull back services for determining the tariff by the COPT	65133814		**136928925**
2	Share of Management and general overheads allocated to this activity for common overheads at 20% of the Overhead under the pilotage activity			**53002682**
3	Share of Return on common assets allocated to this activity for common assets of the port (20% allocated to this activity)			32079133
4	Modified cost plus return in our analysis	**65133814**		**222010740**
5	GRT of vessel			
	(a). Foreign	**3510000**		**9362500**
	(b). Coastal	**1628000**		**3391667**
6	Working as given by COPT			
	3510000x + 1628000 * 0.6x =	65133814	9362500x +3391667 * 0.6x =	222010740
	3510000x + 9768000x =	65133814	9362500x +2035000x =	222010740
	4486800 x =	65133814	11397500 x =	222010740
	x = Foreign going vessel rate	**14.517**	**x =**	**19.479**
7	Foreign going vessel rate in dollar terms applying the then prevailing exchange rate (port has considered exchange rate of 1US$ = Rs. 48 which is updated based on the prevailing exchange rate at Rs. 45.735 in our analysis) (per GRT)	**0.302**		**0.4259**

8	Coastal vessel Rate = 0.6 x foreign going vessel rate (per GRT)	**8.71**		**11.69**

Annex - III

Cochin Port Trust
Scale of Rates

CHAPTER - I

1.1. Definitions - General

In this Scale of Rates, unless the context otherwise requires, the following definitions shall apply:

(i). **“Coastal vessel”** shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal license issued by the competent authority.

(ii). **“Cold move”** shall mean movement of vessel without power of the engine of the vessel.

(iii). **“Day”** shall mean the period of 24 hours starting from 06.00 hrs. of a day and ending at 06.00 hrs. on the following day.

(iv). **“Demurrage”** shall mean charges payable for storage of cargo in transit area within port premises beyond free period, as specified in the scale of rates, and shall not apply for cargo stored at areas licensed to Port users for such purpose.

(v). **“Full Container Load” (FCL)** shall mean a container containing cargo belonging to one importer / exporter.

(vi). **“Foreign-going vessel”** shall mean any vessel other than coastal vessel.

(vii). **“Free period”** shall mean the period during which cargo/container shall be allowed storage free of demurrage charges/ground rent and this period shall be exclusive of Customs notified holidays and Port’s non-operating days.

(viii). **“Hazardous Container”** shall mean a container containing hazardous goods as classified under International Maritime Organisation (IMO).

(ix). **“Hazardous cargo”** shall mean cargo classified as hazardous goods under International Maritime Organisation (IMO).

(x). **“Inland water barge”** shall mean barge, which plies only in inland waterways.

(xi). **“Inner Harbour”** shall mean dredged area and deep-water channels navigated by sea going vessels between eastern end of outer approach channel buoys to Mattancherry Bridge in the Mattancherry channel and to Venduruthy Bridge in the Ernakulam Channel.

(xii). **“Less than a Container Load” (LCL)** shall mean a container containing cargo belonging to more than one importer / exporter.

(xiii). **“Month”** shall mean 30 consecutive calendar days including holidays

(xiv). **“Outer Anchorage”** shall mean area west of Vypin and Fort Kochi not within the navigational outer channel but within Cochin Port limits.

(xv). **“Over dimensional container”** shall mean a container carrying over dimensional cargo beyond the normal size of standard containers and needing special devices like slings, shackles, lifting beam etc. They also include damaged containers and other types which require special devices.

(xvi). **“Power driven vessel”** shall mean any vessel other than a sailing vessel.

(xvii). **“Reefer Container”** shall mean a refrigerated container used for carriage of perishable goods with provision for receiving electrical supply to maintain the desired temperature.

(xviii). **“Single buoy mooring (SBM**) or **Single point mooring** (**SPM)”** are loading buoys anchored offshore and serve as a mooring point for tankers to (off) load gas and/or fluid products.

(xix). **“Sailing vessel”** shall mean a vessel propelled solely by wind power.

(xx). **“Shifting”** shall mean the movement of a vessel from one berth to another berth or from one berth to anchorage / mooring or vice versa within the port limits.

(xxi). **“Ship to Ship (STS)”** operation shall mean transfer of bulk liquid / gas cargo from one vessel to another vessel(s) at a designated place within the notified jurisdiction of Cochin Port for destination to other port(s).

(xxii). **“Shut out cargo / container”** shall mean any cargo / container brought into the port for shipment but not shipped by the designated vessel and is lying in the port premises.

(xxiii). **“Transhipment”** of cargo / container shall mean any cargo / container landed at Cochin and subsequently shipped through another vessel to other ports.

(xxiv). **“Vessel Completion Date (VCD)”** means the date on which import operation of the vessel is fully completed.

1.2. General Terms & Conditions

(i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for its classification as ‘coastal’ or ‘foreign-going’ for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.

(ii). (a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order.

(b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.

(c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

(d). In cases of such conversion, coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.

(e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.

(iii). (a). Port dues shall be applicable as coastal or foreign going as per the status of the vessel at the time of entry into the port.

(b). If the status of the vessel is changed during its stay in the port, then 50% of the pilotage fee for inward and outward leg of the vessel depending upon the status of the vessel at each leg will be levied.

(c). Berth hire for the period in which the vessel changes its status will be charged on the basis of the status of the vessel at the beginning of the relevant block.

(iv). (a). Vessel related charges shall be levied on ship owners / steamer agents. Wherever rates have been denominated in US dollar terms the charges shall be recovered in Indian Rupees after conversion of US currency to its equivalent Indian Rupees at the market buying rate notified by the Reserve Bank of India, State Bank of India or its associates or any other Public Sector Banks as may be specified from time to time. The date of entry of the vessel into the port limit shall be reckoned with as the day for such conversion.

(b). Container related charges denominated in US dollar terms shall be collected in equivalent Indian Rupees based on the market buying rate prevalent on the date of entry of the vessel in case of import containers; and on the date of arrival of the containers into the port in case of export containers.

(v). A regular review of exchange rate shall be made once in thirty days from the date of arrival of the vessels into the Port limit in cases of vessels staying in the port for more than thirty days. The basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

(vi). **Penal Interest on delayed payments / refunds:**

(a). The user shall pay penal interest on delayed payments of any charge under this Scale of Rates. The rate of interest per annum will be 13.75% from the day on which the penal interest starts accruing.

(b). Like wise, the port shall pay penal interest on delayed refunds. The rate of interest per annum will be 13.75% from the day on which the penal interest starts accruing.

(c). The delay in payments by the users will be counted beyond 10 days after the date of raising the bills by the Port Trust. This provision shall, however, not apply to the cases where payment is to be made before availing the services / use of Port Trust's properties as stipulated in the MPT Act 1963 and / or where payment of charges in advance is prescribed as a condition in the Scale of Rates.

(d). The delay in refunds by the port will be counted beyond 20 days from the date of completion of services or on production of all documents required from the user, whichever is later.

(vii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.

(viii). The minimum charge recovered in any one application / bill shall be Rs. Hundred only (Rs.100.00).

(ix). No claim for refund shall be entertained unless the amount refundable is Rs.100/- or more. Likewise, port shall not raise any supplementary or under charge bills, if the amount due to the port is less than Rs.100/-.

(x). Vessels carrying simultaneously break-bulk cargo and containers entering the port for simultaneous loading / unloading of containers as well as break bulk cargo, shall be treated as break bulk vessels for the purpose of levy of Port Dues, Pilotage and Berth Hire Charges. The status of the vessel will be determined based on the first visit of the vessel on a particular month for the purpose of levy of port dues.

(xi). A ship will be considered as a scrap vessel from the date it is sold to breakers. Provided that the ship actually undergoes scrap in Cochin Port itself, dues shall be leviable at rates specified.

(a). When such a vessel occupies any berth, charges at coastal rates will be levied.

(b). The hire charges for bed of backwaters away from the dredged channels used by ships undergoing scrapping in Cochin shall be 25% of the normal berth hire applicable for coastal vessel provided they utilise their own mooring.

(xii). (a). A sailing vessel shifting from any jetty / berth at Willingdon Island / Fort Cochin Wharf to a stream or berth or vice versa shall be liable to pay the fees chargeable for the stream or wharf berth as the case may be.

(b). Sailing vessels will be allowed to be shifted in the inner harbour only undertow, which should be arranged by the owners at their cost, and with the prior written permission of the Deputy Conservator.

(xiii). (a). The cost of damage caused to the equipment or any other property shall be recovered from the user in addition to the penalty.

(b). Cochin Port Trust shall not be responsible to the user or any person for any loss or damage or injury to life arising directly or indirectly from use of the equipment during the period of requisition. The user shall indemnify the port trust administration against all loss or damage or injury to life arising directly or indirectly from use of the equipment during the period of requisition, to any property belonging to the port including the equipment, or to any other persons or property. The liability of the user shall not be affected by the fact that such loss or damage or injury to life may have arisen due to any act or default of any employee of the port. The user shall also indemnify the port for all liabilities under the Workmen's Compensation Act.

(xiv). (a). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. Cochin Port Trust may, if it so desires, charge lower rates and / or allow higher rebates and discounts.

(b). Cochin Port Trust may also, if it so desires, rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels.

(c). Provided that Cochin Port Trust should notify the public such lower rates and / or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

(xv). (a). The vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other foreign vessels.

(b). The cargo / container related charges for all coastal cargo / containers, other than Thermal Coal, POL (including crude oil), iron ore and iron ore pellets should not exceed 60% of the normal cargo / container related charges.

(c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from / to quay to / from storage yard including wharfage.

(d). In case cargo from foreign port lands at Cochin Port for subsequent transhipment to an Indian port on coastal voyages, 50% of the transhipment rate prescribed for foreign-going and 50% of that prescribed for coastal leg shall be levied.

(e). The charges for coastal cargo / containers / vessels shall be denominated and collected in Indian Rupees.

(xvi). User will not be required to pay charges for delays beyond a reasonable level attributable to the COPT.

CHAPTER - II

VESSEL RELATED CHARGES

2.1.1. Schedule of Port Dues.

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Type of vessel</th><th colspan="2">Rate per GRT</th><th colspan="2">Frequency of payment in respect of same vessel</th></tr>
<tr><th>Coastal vessel (in Rs.)</th><th>Foreign-going vessel (in US $)</th><th>Coastal Vessel</th><th>Foreign-going vessel</th></tr>
<tr><td>1.</td><td>Tanker (Crude oil & POL Vessels calling at Port Oil Berths)</td><td>10.08</td><td>0.377</td><td rowspan="4">The due is payable once in 30 days</td><td rowspan="4">The due is payable on each entry into the port.</td></tr>
<tr><td>2.</td><td>Crude Oil Tanker at SBM & STS</td><td>10.08</td><td>0.377</td></tr>
<tr><td>3.</td><td>Container Vessels</td><td>9.59</td><td>0.358</td></tr>
<tr><td>4.</td><td>Other Bulk, Break Bulk & Passengers</td><td>7.69</td><td>0.287</td></tr>
</table>

2.1.2. Concession in port dues shall be extended to the following vessels:

<table>
<tr><th>Sl. No.</th><th>Description</th><th>Concession / Exemption</th></tr>
<tr><td>1.</td><td>Vessels entering the port in ballast and not carrying passengers</td><td>25%</td></tr>
<tr><td>2.</td><td>Vessels entering the port but does not discharge or take in any cargo or passengers therein (with the exception of such un-shipment and reshipment as may be necessary for purpose of repairs)</td><td>50%</td></tr>
<tr><td rowspan="7">3.</td><td>(i). Any pleasure yacht</td><td rowspan="7">100%</td></tr>
<tr><td>(ii). Any vessel of war belonging to any Foreign Prince or State but not running for commercial purpose</td></tr>
<tr><td>(iii). Any vessel, which having left the Port, is compelled to re-enter by stress of weather or in consequence of having sustained any damage</td></tr>
<tr><td>(iv). Vessels of war flying the white ensign belonging to or in the service of the Republic of India but not running on commercial purpose</td></tr>
<tr><td>(v). Any non-commercial vessel belonging to or in the service of Central Government, State Government or Union Territories</td></tr>
<tr><td>(vi). Defence vessels</td></tr>
<tr><td>(vii). Inland Water Barges carrying cargo to and from the Port</td></tr>
</table>

Notes:

1. Port dues are chargeable for sea going vessels of 15 tons and above.

2. For oil tankers with segregated ballast, the reduced gross tonnage that is indicated in the “Remarks” column of its International Tonnage Certificate will be taken to be its gross tonnage for the purpose of levying Port Dues.

3. (i). Whenever mother vessels carrying lash barges, discharge the barges at the outer anchorage and sail out from there without entering the inner harbour will not attract port dues. In such cases, port dues will be collected from the lash barges entering the inner harbour based on their GRT.

   (ii). In cases where the mother vessels enter the inner harbour and attract port dues, then the port dues will not be leviable on the lash barges.

4. A LASH vessel making a 'second call' to pick up empty and / or laden fleeting LASH barges shall be treated as vessel entering a Port, but not discharging or taking any cargo or passenger therein, and shall not be charged any Port Dues.

2.2. Pilotage Fees

2.2.1. Schedule of Pilotage fees

Sl. No.	Vessel Size (GRT)	Rate per GRT					
		Vessels at SBM & STS		Container Vessels		Other vessels	
		Coastal vessel (in Rs.)	Foreign - going vessel (in US $)	Coastal vessel (in Rs.)	Foreign - going vessel (in US $)	Coastal vessel (in Rs.)	Foreign - going vessel (in US $)
(i).	Upto 30000	11.69	0.4259	20.85	0.7790	21.49	0.8033
(ii).	30001 to 60000			Rs.625500 plus Rs.16.67 per GRT over 30000 GRT	US $ 23370 plus US $ 0.6231 per GRT over 30000 GRT	Rs.644700 plus Rs.17.19 per GRT over 30000 GRT	US $ 24099 plus US $ 0.6426 per GRT over 30000 GRT
(iii).	60001 and above			Rs.1125600 plus Rs.14.59 per GRT over 60000 GRT	US $ 42063 plus US $ 0.5453 per GRT over 60000 GRT	Rs.1160400 plus Rs.15.05 per GRT over 60000 GRT	US $ 43377 plus US $ 0.5622 per GRT over 60000 GRT

2.2.2. Schedule of Miscellaneous Pilotage fees

1. Pilotage fee for sailing vessels / Barges

Sl. No.	Particulars	Unit	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
(i).	Below 200 GRT	Each way per vessel	640.64	23.94
(ii).	200 GRT and above	Each way per vessel	949.70	35.49

2. Detention Charges

Sl. No	Particulars	Unit	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
(i)	For detention of a pilot for more than 30 minutes beyond the time for which the requisition is made	Per hour or part thereof	3746.40	140

3. Cancellation Charges

Sl. No.	Particulars	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
(i).	For the cancellation of the requisition for a service of a pilot with less than 2 hrs. notice to the Dy. Conservator.	5619.60	210

4. Pilotage fees for dredgers

Sl. No.	Particulars	Per 8 hour or part thereof (Rs.)
(i).	Dredgers other than for port dredging	11200

2.2.3. Schedule of Shifting Charges

<table>
<tr><th rowspan="3">Sl. No.</th><th rowspan="3">Vessel Size (GRT)</th><th colspan="6">Rate per GRT</th></tr>
<tr><th colspan="2">Vessels at SBM & STS</th><th colspan="2">Container Vessels</th><th colspan="2">Other vessels</th></tr>
<tr><th>Coastal vessel (in Rs.)</th><th>Foreign - going vessel (in US $)</th><th>Coastal vessel (in Rs.)</th><th>Foreign - going vessel (in US $)</th><th>Coastal vessel (in Rs.)</th><th>Foreign - going vessel (in US $)</th></tr>
<tr><td>(i).</td><td>Upto 30000</td><td rowspan="3">2.9225</td><td rowspan="3">0.10647</td><td>5.21</td><td>0.19474</td><td>5.38</td><td>0.2008</td></tr>
<tr><td>(ii).</td><td>30001 to 60000</td><td>Rs.156300 plus Rs.4.17 per GRT over 30000 GRT</td><td>US $ 5842.5 plus US $ 0.1558 per GRT over 30000 GRT</td><td>Rs.161400 plus Rs.4.30 per GRT over 30000 GRT</td><td>US $ 6024 plus US $ 0.1606 per GRT over 30000 GRT</td></tr>
<tr><td>(iii).</td><td>60001 and above</td><td>Rs.281400 plus Rs.3.65 per GRT over 60000 GRT</td><td>US $ 10516.5 plus US $ 0.1363 per GRT over 60000 GRT</td><td>Rs.290400 plus Rs.3.77 per GRT over 60000 GRT</td><td>US $ 10842 plus US $ 0.1406 per GRT over 60000 GRT</td></tr>
</table>

2.2.3. (i). Shifting fee for Sailing Vessels / Barges

Sl. No.	Particulars	Unit	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
(i).	Below 200 GRT	Each way per vessel	350	12.75
(ii).	200 GRT and above	Each way per vessel	420	15.31

Notes:

1. Pilotage fee is a composite fee and shall include one inward and one outward movement with services of port's pilot, with required number of tugs / launches of adequate capacity and shifting(s) of vessels for 'port convenience'. Shifting at the request of vessels will attract separate shifting charges.

2. In case of requisition for the cancellation of the services of the pilot due to power failure or due to break down of port's equipment, within 2 hours before the scheduled time of sailing of the vessel, no cancellation charges will be levied based on a certificate issued to this effect by the concerned officer duly authorised by the port. Likewise, charges for detention of pilot will also not be levied in case the delay is for reasons directly attributable to Port.

3. Every vessel, not under own power, including dumb barges will be charged 50% extra pilotage fee.

4. No charges shall be levied for shifting of a vessel for port convenience.

   (a). "Port convenience" is defined to mean the following:

      (i). If a working cargo vessel at berth or any vessel at mooring is shifted / in-berthed for undertaking dredging work / hydrographic survey work or for allotting a berth for the dredger or for attending to repairs to berths, maintenance and such other similar works whereby shifting is necessitated, such shifting shall be considered as "SHIFTING FOR PORT

CONVENIENCE". The shifting made to reposition such shifted vessel shall also be considered as "SHIFTING FOR PORT CONVENIENCE”.

(ii). If a working cargo vessel is shifted from berth to accommodate on ousting priority vessels, which are exempted from bearing shifting charges, such shifting shall be treated "SHIFTING FOR PORT CONVENIENCE".

(iii). Whenever a vessel is shifted to accommodate another vessel which can not be berthed at other berths due to draft and LOA restrictions such shifting shall be considered as "SHIFTING FOR PORT CONVENIENCE".

(iv). Whenever a vessel is shifted to accommodate another vessel having priority at the adjacent berth and unless that vessel shifts, another vessel can not be berthed at the adjacent-berth due to length restrictions, such shifting shall also be considered as "SHIFTING FOR PORT CONVENIENCE".

(v). Whenever a vessel is shifted from berths to accommodate classified defence cargo vessel or any vessel carrying hazardous cargo, which needs adjacent-berth to be kept vacant for safety reasons, such shifting and the shifting made to reposition such shifted vessel shall be considered as "SHIFTING FOR PORT CONVENIENCE”.

(vi). Container vessels shifted from Container Berths in order to accommodate classified defence cargo in containers and shifted back to container berth after sailing of the defence classified container vessel shall be considered as “SHIFTING FOR PORT CONVENIENCE”.

(vii). Bulk / break bulk cargo vessel shifted from one berth to another berth in order to accommodate storage of cargo or shifted due to break down of Port’s equipment engaged by the vessel, stacking of cargo at berth frontage due to limitations in load bearing capacity and also due to space constraints shall also be considered as “SHIFTING FOR PORT CONVENIENCE”.

(b). Whenever a vessel is shifted from berth to accommodate another vessel on ousting priority, the vessel shifted is exempted from the payment of shifting charges since the same is paid by the vessel enjoying the ousting priority or the shifting is treated as for PORT CONVENIENCE when the priority vessel is exempted from payment of such charges. This benefit will, however, not be applicable in the following cases:

(i). Non-cargo vessel which in any case have to vacate the berth when cargo vessels arrive.

(ii). Vessels using the berth exclusively for over side loading / discharge.

(iii). Vessels which are idling at berth without doing any cargo handling operations.

2.2.4 Charges for hire of Floating craft

Sl. No.	Category	Unit	Rate (Rs.)
1.	Pilot Launch and other launches	Per hour or part thereof	490.00
2.	Mooring Tug	Per tug per hour or part thereof	18620
3.	Dredger GHD Nehru shatabdi	Per hour or part thereof	35843
4.	L & T Poclain & Barge Vijaya	Per hour or part thereof	2100
5.	Speed Boat - twin screw	Per hour or part thereof	13500
6.	Speed Boat - single screw	Per hour or part thereof	6000

2.2.5 Charges for the use of Port's Dry Dock

Sl. No.	Particulars	Rate per day or part thereof Coastal vessel (in Rs.)	Rate per day or part thereof Foreign - going vessel (in US $)
1.	Docking & undocking the vessel including 1st day hire, assisting docking & undocking excluding Tugs, Mooring boats, Pilotage etc. and cleaning of dry dock.	90000	3279.76
2.	Dry dock hire from 2nd day to 10th day (both days inclusive) per day or part thereof	45000	1639.88
3.	Dry dock hire from 11th day to 20th day (both days inclusive) per day or part thereof.	90000	3279.76
4.	Dry dock hire from 21st day or part thereof.	112500	4099.70
5.	Arranging blocks.	45000	1639.88
6.	Slipway per day or part thereof.	3000	-

Notes:

1. An amount of Rs.1500/- per day or part thereof will be charged for providing fire line.

2. For connecting & disconnecting shore supply, Rs.5000/- will be charged per vessel. Electricity and fresh water shall be supplied as per availability and will be charged as per the scheduled rates applicable.

3. Rs.2000/- per day or part thereof will be charged for tying the vessel at Dolphin.

4. Removing & refitting blocks in way of repairs will be charged @ Rs.2000/- per set of block.

5. The hirer should do the cleaning of dry dock at his cost except for the first day.

6. Facilities available at dry dock viz. staging, sea water, toilet-bathrooms, etc. will be provided free of charges only during the vessels stay inside the dry dock subject to availability of the same. The Dry Dock cranes will be charged on hourly basis subject to their availability. For provision of dry dock cranes during the day shift, a hire charge @ Rs.1750/- per hour or part thereof shall be levied. If used beyond day shift, i.e. after 1600 hours, then the charges shall be double the day shift charges.

7. Hire period shall be counted from 0000 hours of the calendar date on which flooding operation starts and for docking till 2400 hours of the calendar date on which dewatering of the dock after undocking ceases.

8. Removing of garbage from dry dock will be done by the hirer.

9. The minimum charges payable shall be for a period of 2 calendar days and fraction of subsequent day shall be counted as one day.

10. Any damages to the dry dock during the docking/undocking operation and also during its stay inside/alongside dry dock will be responsibility of the hirer and the cost of damage/loss will be recovered from the hirer. The COPT shall not accept any responsibility/liability whatsoever for any detention of the vessel using the dry dock on account of any reasons.

11. The port will not be responsible for any damage/loss to the craft/crew of the craft that dry docked/berthed alongside.

12. For docking/undocking of vessel on Sunday/Holidays, an additional charge equivalent to 50% of the rates prescribed at Sl.No.1 of this Schedule shall levied.

13. 50% of the prescribed charges at Sl.No.1 this Schedule shall be levied in case the requisition for docking or undocking operations is cancelled by the hirer.

These extra charges for cancellation of operation will not be levied if prior notice in writing is furnished to the dock in charge not later than 1400 hours on 2 days previous to the day fixed for operation.

14. If services of tug, launch, etc. are utilized as a requirement of the dry dock during docking/undocking operation, the same will be charged as per Scale of rates.

15. While submitting the requisition for the dry dock, the hirer must furnish all the required details of the vessel, along with the expected period of stay in the dry dock indicating dates.

2.3. BERTH HIRE CHARGES

2.3.1. Schedule of berth hire charges.

Sl. No.	Vessel size (GRT)	Rate per GRT per hour or part thereof							
		General Cargo berths Q 1 to Q 6		Container Berths Q 7, Q 8 and Q 9		Oil berths Cochin Old Terminal, North Tanker berth, South Tanker berth		North and South Coal Berths	
		Coastal Vessel (in Rs.)	Foreign-going Vessel (in US$)	Coastal Vessel (in Rs.)	Foreign-going Vessel (in US$)	Coastal Vessel (in Rs.)	Foreign-going Vessel (in US$)	Coastal Vessel (in Rs.)	Foreign-going Vessel (in US$)
1.	Upto 15000	0.2026	0.00757	0.1769	0.00714	0.1535	0.00574	0.1215	0.00454
2.	15001 to 60000 GRT	0.1210	0.00452	0.1040	0.00390	0.1210	0.00452	0.08710	0.00328
3.	Above 60000 GRT	0.1378	0.00515	0.1378	0.00515	0.1413	0.00528	0.07097	0.00265

2.3.2 Schedule of berth hire charges for Inland Water Barges

Rate per GRT per hour (in Rs.)
0.07097

Note:

In cases where GRT of barge is not available, the rate prescribed above will be applicable (on per tonne per hour basis) with reference to the capacity of the Barge in tonnes.

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

Sl. No.	Classification	Rate per GRT per hour or part thereof	
		Coastal vessel (in Re.)	Foreign -going vessel (in US $)
1.	Fertiliser Berth - Q10 & New BTP berth	0.2574	0.0962
2.	Lash Barges:		
	(i). Berth hire for occupying any berth	0.1807	0.00676
	(ii). Fleeting charges when barges wait at fleeting areas	0.0585	0.00221
3.	Floating Crafts/ bodies:		
	(i). If occupies port berths	0.1807	0.00676
	(ii). If does not occupy port berths but remain in port water area	0.0585	0.00221

		Rate per vessel per hour or part thereof			
4.	**Any other vessels:**	**Sailing vessel / Pleasure yachts**		**Fishing vessels and trawlers**	
		Coastal (in Rs.)	**Foreign - going (in US $)**	**Coastal (in Rs.)**	**Foreign -going (in US$)**
	(i). Occupying any berth	23.50	0.8784	37.64	1.4053
	(ii). Occupying a low Wharf Berth / Fort Cochin wharf berth / jetty at Willingdon Island or other shallow water area for anchoring with their own gear anywhere within port limits.	11.77	0.4394	18.78	0.70213
	(iii). Pleasure yachts: For occupying Pathemari anchorage at Fort Cochin wharf or anchorage in the stream under its own moorings.	-	-	11.77	0.4394
5.	Any vessel anchoring with their own gear anywhere in the dredged area and deep-water channels navigated by sea going vessels.	23.50	0.8784	23.50	0.8784

Note:

In case of Sl. No.3, if GRT of floating crafts / bodies is not available, the rate prescribed will be applicable (on per tonne per hour basis) with reference to the capacity of floating craft in tonnes.

2.3.4. Charges for Hired Tugs

Particulars	Rate per tug hour or part thereof	
	Coastal Vessel (in Rs.)	**Foreign- going Vessel (in US $)**
Tug charges for SPM, STS or any other operations	16645	606.56

Notes:

1. (i). Berth Hire Charges shall be collected for the period from berthing to un-berthing of the vessels.

   (ii). In respect of container vessels availing the window facility, berth hire charges shall be collected for the period of window allocated to the vessels or the actual period of occupation whichever is higher.

2. Berth hire charge includes the charges for wharf cranes, for first operation (subject to availability) and part of cost of Cochin Port Trust labour supply wherever necessary.

3. No berth hire will be charged on the vessel after expiry of four hours from the time the vessel signals its readiness to sail. There shall be a penalty equal to one day's berth hire charge for a false signal.

4. The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting period for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

5. (i). Any vessel occupying a berth or berths and requesting any other adjacent berth or berths to be kept vacant for their convenience or due to the nature of the cargo to be handled at that particular berth or for any other reasons, shall be charged with additional Berth Hire for each such berth or berths kept vacant for the actual duration. The GRT of the vessel actually berthed shall be reckoned with for computation of the dues to the Port.

(ii). The requisition for keeping the adjacent berth vacant may be given either by the vessels' agent or by the consignee / consigner, or the berth(s) may be kept vacant by the Port considering the nature of the cargo handled, provided advance notice of such action is given by the Port to the vessel-agent. In all such cases, the additional Berth Hire shall be collected from the vessel agent / steamer agent, along with the normal charges, since they are vessel related charges.

6. If the port is not in a position to utilise the berth / berths because of the presence of the classified cargo in the shed / sheds, the consignee of the classified cargo will pay to the port an amount equal to the normal berth hire charges recoverable from the ship which has landed such cargo till the last packet from the shed / sheds is cleared.

7. Berth hire charges will not be recovered when fishing vessels / trawlers are anchored at private jetties paying licence fees under the Cochin Port Trust Licensing of Jetties, Slipway and Boat pen Regulations 1968, as amended from time to time.

8. No berth hire shall be levied for the period the vessel is compelled to idle at berth operated by the Cochin Port for continuous one hour or more due to non-availability / breakdown of port equipment or power failure or any other reasons attributable to the port. This provision will, however, not apply in the case of vessels idling at berths operated by the India Gateway Terminal Private Limited (IGTPL).

9. Low wharf, Muraf Jetty and Fort Cochin Jetty are declared as fleeting areas for lash barges.

2.4. Supply of fresh water to vessels

Sl. No.	Description	Coastal vessel (in Rs.)		Foreign-going vessel (in US $)	
		Rate (per 1000 Lts.)	Minimum charge	Rate (per 1000 Lts.)	Minimum charge
1.	Supply through Barges:				
	(i). At inner harbour	262.22	6556.20	9.80	245.00
	(ii). At outer harbour	1049.02	26224.80	39.20	980.00
2.	Water supply through shore	149.87	3746.40	5.60	140.00

2.5. Charges for use of Barge Jetties.

Sl. No.	Description	Unit	Rate in Rs.
1.	At Q 10 Area	Per jetty per month or part thereof	167020
2.	Near South Coal Berth	- do -	176400

CHAPTER - III

CARGO RELATED CHARGES

3.1. Schedule of wharfage for bulk and break bulk cargo

(Rate in Rs.)

Sl. No.	Description of commodity	Unit	Coastal	Foreign
1.	Animals, birds, reptiles	Each	46.20	77.00
2.	Asbestos	MT	50.40	84.00
3.	Cashew, nuts and fruits			
	(i). Raw cashew nut	MT	29.40	49.00
	(ii). Cashew kernels	“	37.80	63.00
	(iii). Fruits, tamarind seeds, tapioca, coconut, copra	“	28.80	48.00

4.	(i). Thermal Coal	MT	56.00	56.00
	(ii). Coal other than Thermal Coal, coke, wood charcoal, firewood	“	33.60	56.00
5.	Coir, coir products, jute, jute products	MT	40.30	67.20
6.	Construction and building materials			
	(i). Sand, stones	MT	31.20	52.00
	(ii). Granite, Marble	“	40.20	67.00
	(iii). Cement, Clinker, Clay, Chalk	“	43.70	72.80
7.	Cotton, cotton waste, twist yarn, wool, clothes & Cotton piece goods	CUM	29.40	49.00
8.	Defence goods	MT	130.55	217.55
9.	Fertiliser - raw material & finished - at Q10 Berth			
	(i). Sulphur	MT	37.20	62.00
	(ii). Rock phosphate	“	34.20	57.00
	(iii). Finished fertilisers	“	34.20	57.00
	Fertiliser - raw material & finished at other Berths			
	(i). Sulphur	MT	52.10	86.80
	(ii). Rock phosphate	“	47.90	79.80
	(iii). Finished fertilisers	“	47.90	79.80
10.	Food grains, oilseeds, cereals, pulses, bran of all kinds	MT	36.95	61.60
11.	Fuel for Ship’s bunkers	MT	24.00	40.00
12.	Liquid cargo, acids			
	(i). Crude oil - at Port Berth	MT	65.00	65.00
	(ii). Crude oil - SBM	MT	25.00	25.00
	(iii). POL products - at Port Berth	MT	65.00	65.00
	(iv). POL products and other liquids - STS	MT	25.00	25.00
	(v). Liquid ammonia	MT	71.40	119.00
	(vi). Phosphoric acid	MT	65.50	109.20
	(vii). Molasses, edible oils & other liquids	MT	54.60	91.00
13.	Metals and Metal products	MT	67.20	112.00
14.	Metal Scrap	MT	54.00	90.00
15.	Minerals and ores	MT	43.70	72.80
16.	Motor vehicles except Motorcycles			
	(i). By RO-RO system	Per vehicle	900.00	1500.00
	(ii). Other than by RO-RO system	Per vehicle	1800.00	3000.00
17.	Motor Cycles	Per vehicle	300.00	500.00
18.	Oil cakes & fodder	MT	47.05	78.40
19.	Paper, paper products and newsprint	CuM	31.20	52.00
20.	Salt	MT	8.40	14.00
21.	Ship stores, provisions	MT	30.00	50.00
22.	Soda Ash	MT	15.00	25.00
23.	Sugar, Raw Sugar	MT	37.20	62.00
24.	Sludge, Oily waste	MT	54.00	90.00
25.	Unaccompanied personal baggage	CuM	47.05	78.40
26.	Wood, timber and products			
	(i). Timber logs	Cu M	20.40	34.00
	(ii). Wood, bamboo, wood products	MT	47.05	78.40
	(iii). Wood Pulp	MT	34.45	57.40
27.	Any item other than those specified above.	MT	60.00	100.00

<u>Notes</u>:

1. “Wharfage” shall mean the basic dues recoverable on all cargo/ container landed or shipped or transshipped within the port limits or passing through the declared landing stage of the port, whether porterage was provided by the port or not.

2. Assessment of cargo shall be done on the basis of the description of the cargo as given in the bill of entry / coastal bill of lading in case of import cargo and shipping bill in the case of export cargo, that best fits the item description covered under the schedule.

3. (a). For the purpose of calculating the dues the unit by weight shall be 1 tonne or 1,000 kilograms, the unit by volume measurement shall be 1 cubic metre and the unit by capacity measurement for liquids in bulk shall be 1,000 litres.

   (b). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.

4. Before classifying any cargo under unspecified category in the wharfage schedule, the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in those schedules.

5. Wharfage dues shall be collected at the rates specified in the schedule on the basis of:

   (a). Vessel's draft survey certificate / Vessel's Manifested Quantity in case of dry bulk cargo;

   (b). Vessel's ullage certificate quantity / Vessel's Manifested Quantity in case of liquid bulk;

   (c). Bill of Entry / shipping bill quantity in all other cases.

   (d). In case of coastal cargo, if Bill of Entry or Shipping Bill is not available, Cochin Port Trust shall decide the documents to be relied upon.

6. Goods free of wharfage:

   (a). Cargo consigned to or by the Cochin Port Trust.

   (b). Import cargo delivered through Inland Water Barges.

   (c). Motor vehicles such as chassis / trailers with or without prime movers, trucks etc. used for transportation of cargo / containers through Inland Water Barges handled by RORO system or other than by RORO system.

   (d). Bonafide passengers' and seamen's baggage and personal effects accompanying them.

   (e). Bonafide ship's fittings of the same vessel.

   (f). Sweepings collected on shore.

   (g). Fodder accompanying livestock and not manifested as cargo.

   (h). Pallets used for the export of palletised cargo from the wharves.

   (i). Half wharfage is payable in respect of the above items from 6 (b) to 6 (h) provided their handling is undertaken by Cochin Port Trust.

7. Cargo transshipped along side berths, reshipment or shut out cargo shall be assessed for each handling @ 75% of the wharfage applicable to that cargo.

8. Cargo transshipped other than at along side berths shall be considered as single handling and shall be assessed at 50% of the wharfage for the cargo handled in such manner. How ever this condition shall not apply to STS operations.

9. Port shall not arrange for the porterage at wharf for the following cargo and the owners shall make their own arrangements for handling them at their expense and risk:

(a). Animals, birds, reptiles.

(b). Fertiliser and fertiliser raw material handled at Q 10 berth.

(c). Goods free of wharfage except 6 (a).

(d). Any cargo handled through pipelines.

3.2. Demurrage Charges / Storage Charge

3.2.1. Free Period

Sl. No.	Description	Free Period
1.	Import Cargo	7 days
2.	Salvaged Goods	3 days
3.	Export, transhipment and shut out cargo subsequently shipped in another vessel	12 days
4.	Shut out cargo removed with out being shipped	3 days

Notes:

1. **Free Period**

(a). Free period shall be exclusive of Customs notified holidays and port's non-operating days.

(b). Free period for import cargo shall be reckoned from the day following the date of last cargo discharged / landed from the vessel.

(c). Free period for export, transshipment and shut out cargo shall commence from the actual date of admission of the cargo into the port premises.

(d). In case of salvaged goods, free period shall commence from the date on which the goods are salvaged.

2. If operational area is licensed to users, storage charges on containers / demurrage on cargo stored therein shall not be levied again.

3.2.2. Schedule of Demurrage charges

On expiry of free days as prescribed in Schedule 3.2.1, demurrage will be charged for period of storage of all goods till they are cleared at the rates prescribed below:

Sl. No.	Description	Rate per wharfage unit per day or part thereof (in Rs.)
I.	**Import cargo & Salvaged goods**	
	1. For the first 5 days	3.00
	2. For the next 10 days	5.00
	3. Thereafter,	7.00
II.	**Export, Transhipment & Shut out cargo**	
	1. From the day following the date of expiry of free period	5.00

Notes:

1. Demurrage on both import and export cargo shall not accrue for the period when the port is not in a position to deliver / ship cargo when requested by the user.

2. Demurrage leviable on other consignments lying at the particular berth or adjacent berth / berths which cannot be cleared during the period when the adjacent berth / berths is / are kept vacant on account of the nature of cargo to be handled at a particular berth or for any other reason, shall be borne by the respective consignee of the cargo requiring such safeguard.

3.2.3. Charges for Storage of Cargo at the specified Transit Areas on Licence Basis

Transit area, both covered and open at the wharves, and the warehouses outside the wharves will be specified by the Board for allotment for storage of cargo to the owners or their agents on licence basis in lieu of demurrage. The COPT shall allot such area subject to availability and on payment of wharfage on the entire cargo at the time of allotment of storage area. Such allotment shall be vessel wise and license fees shall be recovered at the rates specified below:-

Particulars	Rs. per sq. m. per week or part thereof from the date of allotment	
	Covered Storage	Open Storage
Up to 30 days	12.50	10.00
31 - 60 days	18.75	15.00
61^{st} day onwards	25.00	20.00

Transit area for recovery of the afore said charges shall include the entire open and covered area inside the security wall at Ernakulam Wharf and the entire open and covered area inside the security wall at Mattancherry Wharf including the extension north of Q 4, unless otherwise specified. The warehouses Nos. 1,2,3,4 & 6, outside the wharves shall also be Transit area for recovery of the aforesaid charges. The cargo thus stored shall remain at the sole risk and responsibility of the owners or their agents and they will be responsible for any claims arising in respect thereof during the period of storage.

The aforesaid shall not preclude the COPT from allotting the transit area for purposes related to cargo / vessel operations such as storage of equipment, ship's spares etc.

The Port shall also permit the owners or their agents to move the cargo directly from the wharf and stack the same in the Port area in Willingdon Island other than the Transit area under customs bond on licence basis at the rates specified for license under Estate Rentals. The cargo availing such storage shall pay wharfage on the entire quantity before being moved out of the wharf. The cargo thus stored shall remain at the sole risk and responsibility of the owners or their agents and they will be responsible for any claims arising in respect thereof during the period of storage.

Note:
Minimum charge recovered for each allotment shall be Rs.250 per week.

3.2.4. Demurrage charge / Storage charge in respect of Finished Sugar and Pulses (import)

Sl. No.	Description		Charges
1.	**Finished Sugar and Pulses (import)**		
	(i).	Free period	As applicable in the Port
	(ii).	After free period upto 21 days (including free period)	As applicable in the Port
	(iii).	Beyond 21 days	Four times the rate applicable in the port.

Notes:

1. Free period excludes Customs Holiday and ports non-working days.

2. Free period shall commence from the day of completion of unloading.

3. These rates shall not apply to Yellow Peas and Raw Sugar, which will be regulated as per the applicable rates in ports prior to 25 August 2009.

4. The schedule for demurrage charge / storage charges (license fee) for pulses and sugar prescribed above will not apply to Nepal bound cargo. The Nepal bound cargo will be regulated as per the rates otherwise applicable in the Scale of Rates.

CHAPTER - IV

HIRE CHARGES FOR PORT EQUIPMENT

4.1.1 Charges for use of wharf electric crane other than during the course of import / export operation.

(**in Rupees**)

Sl. No.	Description	Unit	Coastal	Foreign
1.	**For lift upto 10 MT**			
	(i). Cargo on which wharfage is due	Rate per ton or part thereof	117.60	196
	(ii). Cargo on which wharfage is not due and for any other use	" "	235.20	392
2.	For opening or closing the hatch	Rate per shift of 8 hours or part thereof	470.40	784

4.1.2. Charges for using the port's grabs fitted to the shore cranes.

(**in Rupees**)

Sl. No.	Description	Unit	Coastal	Foreign
1.	Upto 5 CuM. capacity	Per hour or part thereof	176.40	294
2.	Above 5 CuM. capacity	Per hour or part thereof	294.40	490

4.1.3. Charges for light duty forklift trucks.

(**in Rupees**)

Sl. No.	For subsequent Operations	Unit	Coastal	Foreign
1.	For cargo handling or any other operations inside the wharf premises	Per forklift truck per hour or part thereof	352.80	588

4.1.4 Charges for Light duty mobile crane upto 10 T capacity

Sl. No.	Description	Rate per hour or part thereof (in Rs.)
1.	Inside wharf premises	1470
2.	Outside wharf premises	2940

4.2. Requisition cancellation charges.

Sl. No.	Particulars	Unit	Rate (Rs.)
1.	On working days	Per equipment per requisition	490
2.	On Sundays and Holidays	“ “ “	2940

4.3. Charges for Floating crane & Oil Skimmer.

Sl. No.	Category	Unit	Rate (Rs.)
1.	**Floating Crane F.C. Periyar :**		
	Fixed charges	Per hour or part thereof	2000
	Lifting charges :	Per tonne or part thereof	
	Up to 30 ton		600
	30 - 60		800
	60 - 90		1200
	Above 90		1500
2.	**Oil Skimmer M.V. Venad :**		
	Fixed charges	Per hour or part thereof	1000
	Lifting charges	Per ton or part thereof	300

4.4. Weighing charges

Sl. No.	Description		Unit	Rate (in Rs.)
1.	**Weigh Bridge (Capacity - 60 tons)**			
	(i).	20 ft trailers (empty / laden)	Rate per vehicle	100
	(ii).	40 ft trailers (empty / laden)	“ “	150
	(iii).	Lorries (empty / laden)	“ “	50
	(iv).	LCVs (empty / laden)	“ “	30

Note: Rate covers cost of weighing as well as issue of weight certificate.

4.5. Charges for use of Port's Fender Pontoons

Sl. No.	Description	Unit	Rate per equipment (in Rs.)
1.	Fender pontoons	Per day or part thereof	6860

Notes:

1. Equipment shall be spared for use subject to availability during the working hours notified by the Cochin Port Trust from time to time, based on the priority of requisition determined by the Cochin Port Trust.

2. The charges will commence from the time equipment is moved (unless otherwise specified in the schedule) till the time they are discharged.

3. When the equipment requisitioned is required for a longer period than initially required, fresh requisition shall be filed one hour before the expiry of the initial requisition period.

4. Cancellation of requisition:

   (i). Cancellation of requisition shall be made at least 2 hours before the commencement of period for which the service is requisitioned.

(ii). Cancellation charges shall not be refunded. However, if the port, in order to suit its convenience, does not supply the equipment as per the requisition or if the cancellation arises out of Port's decision, requisition cancellation charge shall not be collected.

5. If the equipment is intended to be used for any purpose outside the port limits, the rates for such use shall be 200% of the respective rates for the equipment, unless otherwise specified.

CHAPTER - V

CONTAINER RELATED CHARGES

5.1.1. Wharfage for Containers

Sl. No.	Type of containers	Unit	Rate in Rupees			
			20'		40'	
			Coastal	Foreign	Coastal	Foreign
1.	Empty	Per Container	123.48	205.80	185.22	308.70
2.	Laden	"	588.00	980.00	882.00	1470.00
3.	Hazardous / explosives	"	Rate 25% more than normal containers			

5.1.2. Ground Rent on Containers

Sl. No.	Period of occupation	Rate per container per day or part thereof					
		20'		40'		above 40'	
		Coastal (in Rs.)	Foreign going (in US $)	Coastal (in Rs.)	Foreign going (in US $)	Coastal (in Rs.)	Foreign going (in US $)
1.	**Empty Containers**						
	(i). First 3 days	Free	Free	Free	Free	Free	Free
	(ii). 4th day to 10th day	133.80	3.00	267.60	6.00	401.40	9.00
	(iii). 11th day to 15th day	267.60	6.00	535.20	12.00	802.80	18.00
	(iv). Thereafter	535.20	12.00	1070.40	24.00	1605.60	36.00
2.	**Loaded Containers**						
	(i). First 7 days	Free	Free	Free	Free	Free	Free
	(ii). 8th day to 15th day	133.80	3.00	267.60	6.00	401.40	9.00
	(iii). 16th day to 30th day	267.60	6.00	535.20	12.00	802.80	18.00
	(iv). Thereafter	535.20	12.00	1070.40	24.00	1605.60	36.00
3.	**Hazardous Containers**						
	(i). First 7 days	Free	Free	Free	Free	Free	Free
	(ii). 8th day to 15th day	167.25	3.75	334.50	7.50	501.75	11.25
	(iii). 16th day to 30th day	334.50	7.50	669.00	15.00	1003.50	22.50
	(iv). Thereafter	669.00	15.00	1338.00	30.00	2007.00	45.00
4.	**Transhipment**						
	Empty Container						
	(i). First 15 days	Free	Free	Free	Free	Free	Free
	(ii). 16th day to 30th day	267.60	6	535.20	12	802.80	18
	(iii). Thereafter	401.40	9	802.80	18	1204.20	27
	Laden Container						
	(i). First 30 days	Free	Free	Free	Free	Free	Free
	(ii). 31st day to 45th day	267.60	6	535.20	12	802.80	18
	(iii). Thereafter	401.40	9	802.80	18	1204.20	27

Notes:

1. **Free Period.**

    (i). For the purpose of calculation of free period Customs holidays and port non-working days shall be excluded.

    (ii). The free period for import containers will commence from the day after the day of landing of the last container from the vessel.

    (iii). The free period for export containers will commence from the time the container enters the port.

2. In case of export container, the levy of ground rent shall cease when the nominated vessel commences loading.

5.2. Storage Charges on Containers (FCL / LCL, Loaded or Empty) at CFS and other Port Facilities

Sl. No.	Period of occupation	Rate per container per day or part thereof					
		20'		40'		above 40'	
		Coastal (in Rs.)	Foreign going (in US $)	Coastal (in Rs.)	Foreign going (in US $)	Coastal (in Rs.)	Foreign going (in US $)
1.	First 3 days	Free	Free	Free	Free	Free	Free
2.	4^{th} to 15^{th} day	138.00	3.00	276.00	6.00	414.00	9.00
3.	16^{th} to 30^{th} day	276.00	6.00	552.00	12.00	828.00	18.00
4.	Thereafter	552.00	12.00	1104.00	24.00	1656.00	36.00

Notes:

1. Free period will exclude any delay on the part of the port to stuff or destuff the container, as certified by the concerned officer authorised by the COPT.

2. Free period shall exclude Customs Holidays and port's non-operating days.

3. Free period and levy of demurrage charges on cargo shall be governed by the provisions prescribed in Schedule 3.2 of the Scale of Rates

5.3. The storage charges on abandoned FCL containers / shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the day of landing of the container, whichever is earlier subject to the following conditions:

(i). The consignee can issue a letter of abandonment at any time.

(ii). If the consignee chooses not to issue such letter of abandonment, the container Agent / MLO can also issue abandonment letter subject to the condition that,

(a). the Line shall resume custody of container along with cargo and either take back it or remove it from the port premises; and
(b). the line shall pay all port charges accrued on the cargo and container before resuming custody of the container.

(iii). The container Agent / MLO shall observe the necessary formalities and bear the cost of transportation and de-stuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all necessary actions are taken by the shipping lines for de-stuffing the cargo.

(iv). Where the container is seized / confiscated by the Custom Authorities and the same cannot be de-stuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the day the Custom order release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and de-stuffing. Otherwise, seized / confiscated containers should be removed by the line / consignee from the port premises to the Customs bonded area and in that case the storage charge shall cease to apply from the day of such removal.

5.4. Stuffing and De-stuffing charges at CFS & other Port facilities.

Sl. No.	Description	Rate per container (Rs.)	
		20’	40’ and above
1.	For half a container load	1150.00	1875.00
2.	For full container load	2300.00	3750.00

Notes:

1. A container, which is stuffed or de-stuffed 50% or less of its normal capacity, is treated as half a container and 50% of the applicable charges will be collected.

2. In case of LCL import / export cargo, the COPT shall collect the LCL cargo management charges at the wharfage rates prescribed in Schedule 3.1. of its existing Scale of Rates. Concession of 10% on the rates specified in the wharfage schedule will be allowed subject to a minimum of Rs.550/- for a 20’ container, Rs.825/- for a 40’ container and Rs.1100/- for a container above 40’.

3. In the event of stuffing / de-stuffing of cargo necessitated for topping up the container, examination, accounting or proper stacking and such stuffing / de-stuffing of cargo results in 50% or less than 50% of cargo being stuffed / de-stuffed, in such cases only 50% of the stuffing de-stuffing charges will be collected.

CHAPTER - VI

MISCELLANEOUS CHARGES

6.1. Charges for issue of entry / clearance certificate for Vessels not entering the port limits.

Sl. No.	Description	Unit	Rate (Rs.)
1.	For Lash vessels anchored at outer sea	Per Certificate	6615
2.	For other vessels anchored at outer sea and proceeding with out discharging or taking in any cargo or passengers.	”	3332

6.2. Charges for use of Port's Fire equipment

Sl. No.	Description	Unit	Rate per equipment (Rs.)
1.	Fire tender or fire pump	Per hour or part thereof	490

6.3. Supply of water to the vessels by licensed agencies through Tankers

Sl. No.	Description	Unit	Rate (in Rs.)
1.	Supply of water to vessels	Per Tanker	200

6.4. Charges for issue of wharf entry permits to authorised visitors

Sl. No.	Type of Pass	Category of people	Validity	Fee
1.	Daily Wharf Entry Permit	Any one time customer	One day	Rs.10 per person for one day
2.	Weekly wharf entry permit	All category of port users	Two to seven days	Rs.20 per person
3.	Temporary Dock Entry Permit - I (Laminated Photo Card)	All category of port users	Seven days to one month	Rs50 per person
4.	Temporary Dock Entry Permit - II (Laminated Photo Card)	CHA, SA, EXIM, Surveyors, Ship Chandlers, Govt Agencies, C&F agents, Ship repairers, fumigators, palletizing agents etc.	More than one month up to three months	Rs100 per person
5.	Dock Entry Permit for wharf entry alone. (Bio-metric card)	CHA, SA, Stevedores, EXIM, Surveyors, Ship Chandlers, truck/ equipment operators, Govt Agencies, C&F agents, Ship repairers, fumigators, palletizing agents, workers from KHWWB etc.	More than three months upto one year	Rs.300 per year + Rs.200 one time cost for biometric card
6.	Dock Entry Permit with Transaction Permission* (Bio-metric card with hollogram)	Authorized signatories of CHA	Three years	Rs.900 for wharf entry + Rs.100 for transaction license + Rs.200 one time cost for biometric card
7.	School/College students group upto 50 members (plain paper pass)	Institutional students	One visit	Rs.100 per group
8.	Boat crew (Laminated Photo Card)	Boat crew of Govt/private boats and barges	One year	Rs.100 per person
9.	Duplicate biometric card in the event of loss			Rs.1000
10.	Duplicate biometric card in the event of damage			Rs.200

Note:

A biometric card will be issued separately @ Rs.200 per card irrespective of the valid period.

6.5. Embarkation and disembarkation charges for international passengers in cruise vessels

Sl. No.	Description	Unit	Rate in Rs.
1.	Embarkation / disembarkation	per person	100

6.6. Charges for removal of goods by the port in case importer / exporter fails to remove the goods.

(Rate in Rs.)

Sl. No.	Description	Within transit shed or open transit accommodation	From transit shed or open transit accommodation to other sheds or warehouses or to open storage area
	In the case of goods on which Wharfage is charged on the basis of:		
1.	Per ton / Per cum:	196	588
2.	Per each item:		
	(i). Motor car	147	294
	(ii). Motor cycle with or without side car, cycle & other carriages	98	147

Notes:

1. After the expiry of the free storage period, the goods are liable to be removed at the discretion of the port, which shall attract the charges as per the schedule.

2. Baggage or personal effects not accompanying passengers or seamen if landed at Ernakulam wharf shall be removed direct to overflow shed or baggage hall at Ernakulam wharf and removal charge at Rs.200 (Rupees two hundred only) per cubic metre shall be recovered.

3. Removal charges leviable on other consignments lying at the particular berth or adjacent berth / berths which cannot be cleared during the period when the adjacent berth / berths is / are kept vacant on account of the nature of cargo to be handled at the particular berth, or any other reason shall be borne by the respective consignee of the cargo requiring such a safeguard.

6.7. Charges for Use of de-ballast tank, transfer / inter-transfer of POL products

Sl. No.	Description	Unit	Rate (in Rs.)
1.	For use of port's berth, jetties, pipelines, pumping facilities for operation of transferring P.O.L products (other than landing and shipping)	Rate per ton or part thereof	19.60
2.	Exchange PIT facilities for transferring POL products from one installation to another through pipelines at Tanker Berths.	-do-	9.80

6.8. Charges for Erecting Hoardings.

Sl. No.	Description	Unit	Rate in Rs.
1.	Single sided hoardings per sq. mtr.	per year or part thereof	5000
2.	Double sided hoardings	“	10000
3.	Neon boards	“	2500

Notes:

1. The charges for one year should be paid in advance as security deposit over and above the normal charges, irrespective of the location of hoardings within the port limits.

2. The permission for the hoardings will be renewable annually and the rent will be payable in advance. The Port may, however, require at any time, on three months notice that the hoardings should be removed if the land is required for other purposes. In such cases proportionate charges will be refunded.

3. The grant of permission for putting up hoarding will not confer on the applicant / user any title or right in respect of the land.

4. If the hoarding is not removed on the expiry of the period of permission, the Port shall be entitled to remove such hoardings and sell them by public auction. The Port shall also have the right to recover the cost of such removal and other incidental expenses from the deposit amount or the sale proceeds of such materials used for the hoarding.

6.9. Passenger launches

Sl. No.	Description	Unit	Rate in Rs.
1.	Passenger launches	Per launch per day or part thereof	2000

6.10. Penalty charges for VCN cancellation

Sl. No.	Description	Unit	Rate in Rs.
1.	VCN cancellation	Per cancellation	500

6.11. Taking photographs or shooting films in the port premises

Sl. No.	Description	Unit	Rate in Rs.
1.	Making cinema / documentary by movie camera	Per day or part thereof	20000
2.	Videography by video camera		10000
3.	Photography by Still Camera		500

6.12. License fee for the use of port's bunks

Sl. No.	Description	Rate per month or part thereof (in Rs.)
	Old Bunks	
1.	Measuring 2.5 M x 2.5 M	525.00
2.	Measuring 2.5 M x 1.5 M	420.00
3.	Measuring 3.0 M x 2.5 M	1157.80
	New Bunks	
4.	T - Bunks 3 M x 1.5 M	1030.40
5.	C - Bunks 2.5 M x 1.5 M	858.20

Note:

New bunks are those bunks existing between the EDC building and Ernakulam Wharf gate, Western Side of Rubber Board building & southern side of Porterage Office.

6.13. License fees for jetties, piers etc.

Sl. No.	Description	Unit	Rate in Rs.
1.	Jetties & piers	Rate per unit per annum	1120
2.	Slipway	-do-	980
3.	Boatpen	-do-	469
4.	Inspection fees	Each Jetty / slipway from Each applicant	546

6.14. Vehicle parking fee inside Port premises

(Rate in Rs.)

Sl. No.	Duration	Up to eight (8) hours	For every hour thereafter
1.	20 ft container Trailer / Commercial Trucks including Tippers, Tankers and pick up vans	Free	10
2.	Tourist vans and buses	Free	10
3.	40 ft container Trailer	Free	15

6.15. Toll Charges

(Rate in Rs.)

Sl. No.	Type of Vehicle	For 1 day	For 12 months	For 9 months	For 6 months	For 3 months
1.	Two wheelers	3	300	270	180	90
2.	Three wheelers	5	600	450	300	150
3.	Four wheelers	10	1000	750	600	300
4.	Tourist Vehicles					
	- Vans	40	-	-	-	-
	- Buses	60	-	-	-	-
5.	Buses (both public / private)	15	1500	1200	900	450
6.	Lorries including tankers					
	- Up to 6 wheels	15	1500	1200	900	450
	- More than 6 wheels	50	2000	1500	1000	500
7.	Prime Movers & Chassis					
	- 20 ‘	50	2000	1500	1000	500
	- 40 ‘	60	2250	1750	1250	750
8.	Cranes, Pay loaders Bull dozers, Excavators etc.	60	2250	1750	1250	750

CHAPTER - VII

ESTATE RENTALS

General Note to Chapter - VII:

All the conditions / notes stated hereinunder to govern the rates prescribed in this Chapter-VI of the Scale of Rates shall apply to the extent they are not inconsistent with the conditions prescribed in the Land Policy guidelines announced by the Government in February / March 2004. In case of disagreement, the conditions prescribed by the Government in the Land Policy guidelines shall prevail.

7.1. Lease rent of land - Permanent lease

A. (I).	RATE OF LEASE RENT OF LAND APPLICABLE TO THE LESSEES AS ON 31.12. 95, WITH EFFECT FROM 1.1.96.			
			Rate per acre per annum (In Rs.)	Rate per are per annum (In Rs.)
	(i).	Category- I: Land with water frontage	1,63,800.00	4,055.00
	(ii).	Category- II: Land with Railway siding	1,63,800.00	4,055.00
	(iii).	Category- III: Land without water frontage and railway siding	1,09,800.00	2,715.00
	(iv.	Category- IV: Land for office, Banks, shops, Hotels etc.,	1,09,800.00	2,715.00
	(v).	Category- V: Land for residence	46,800.00	1,155.00

<table>
<tr><td></td><td>(vi).</td><td>Special Category</td><td>1,83,500.00</td><td>4,535.00</td></tr>
<tr><td></td><td colspan="4">The rate of lease rent shown above will be increased at a uniform rate of 5% every year from the date of original notification of these rates till March 2004 with an option to refix the base after every 5 years. Subsequently, to March 2004, these rates shall be escalated by 2% per annum.</td></tr>
<tr><td>(II).</td><td colspan="4">RATE OF LEASE RENT OF PORTS LAND FOR RENEWAL OF EXISTING LEASE AND ALLOTMENT OF LAND ON OR AFTER 1.1.96.</td></tr>
<tr><td></td><td>(i).</td><td>Category – A - Residentail Purpose</td><td>1,70,000.00</td><td>4,200.00</td></tr>
<tr><td></td><td>(ii).</td><td>Category – B - Industrial Purpose</td><td>2,50,000.00</td><td>6,200.00</td></tr>
<tr><td></td><td>(iii).</td><td>Category – C – Commercial Purpose</td><td>3,40,000.00</td><td>8,400.00</td></tr>
<tr><td></td><td colspan="4">The rate of lease rent shown above will be increased at a uniform rate of 5% every year from the date of original notification of these rates till March 2004 with an option to refix the base after every 5 years. Subsequently, to March 2004, these rates shall be escalated by 2% per annum.</td></tr>
<tr><td></td><td colspan="4">The above rates shall be made applicable to the following cases:</td></tr>
<tr><td></td><td>(i).</td><td colspan="3">To all new leases by allotment from 1.1.96</td></tr>
<tr><td></td><td>(ii).</td><td colspan="3">To all existing leases which are renewed on or after 1.1.96</td></tr>
<tr><td></td><td>(iii).</td><td colspan="3">To all cases of transfer of lease granted from 1.1.96</td></tr>
<tr><td>B.</td><td colspan="4">EXTENSION OF LICENCE PER IOD</td></tr>
<tr><td></td><td colspan="4">Additional licence fees @ 50% of licence fee applicable shall be payable for granting extension of licence period beyond the normal 2 year period of licence.</td></tr>
<tr><td></td><td colspan="4">Explanation

Rate of licence fee will be the same as the lease rent applicable to the category of land concerned.</td></tr>
<tr><td>C.</td><td colspan="4">RATES FOR SUB LEASING</td></tr>
<tr><td></td><td colspan="4">The sub lease levy shall be payable with effect from 1.1.96 at the following rates:</td></tr>
<tr><td></td><td colspan="2"></td><td colspan="2">Rate per 10 sq. mtr. per month</td></tr>
<tr><td></td><td>(i).</td><td>Godown space</td><td colspan="2">Rs.100.00</td></tr>
<tr><td></td><td>(ii).</td><td>Office space accommodation</td><td colspan="2">Rs.125.00</td></tr>
</table>

7.2. Lease rent of land – Temporary lease.

<table>
<tr><th>Sl. No.</th><th colspan="2">Particulars</th><th>Rate per 10 sq. mtr. or part thereof per month or part thereof (in Rs.)</th></tr>
<tr><td>I.</td><td colspan="3">Covered space</td></tr>
<tr><td></td><td>1.</td><td>Fort Cochin Wharf covered storage under permit issued by the Chairman of the port of Cochin or any other Officer authorised in this behalf for period not exceeding one year.</td><td>400.00</td></tr>
<tr><td></td><td></td><td colspan="2">In future all will be treated as covered space. In case warehouse is allotted to the parties for the use of office accommodation, 20% rent will be levied in addition to the above.</td></tr>
<tr><td>II.</td><td colspan="3">Open space</td></tr>
<tr><td></td><td></td><td>Fort Cochin wharf open storage under permit issued by the Chairman of the port of Cochin or any other Officer authorised in this behalf for period not exceeding one year.</td><td></td></tr>
<tr><td></td><td>1.</td><td>Commercial purpose</td><td>170.00</td></tr>
<tr><td></td><td>2.</td><td>Industrial Purpose</td><td>100.00</td></tr>
<tr><td></td><td>3.</td><td>Hard Surface Area</td><td>200.00</td></tr>
<tr><td></td><td>4.</td><td>Minimum charges for 1, 2 & 3 above.</td><td>500.00</td></tr>
</table>

Sl. No.			Particulars	Rate per 10 sq. mtr. or less per month or part thereof (in Rs.)
III.	Warehouse			
	1.		Under permit issued by the Chairman of the port of Cochin or any other Officer authorised in this behalf for period not exceeding one year.	400.00
	2.		Under leases for periods:	
		a.	Exceeding one year but not exceeding 3 years	400.00
		b.	Exceeding 3 years but not exceeding five years.	400.00
	In future all will be treated as covered space. In case warehouse is allotted to the parties for the use of office accommodation, 20% rent will be levied in addition to the above.			
IV.	Shed except 'M' shed at low wharf			
	1.		Under permit issued by the Chairman of the port of Cochin or any other Officer authorised in this behalf for period not exceeding one year.	400.00
	2.		Under leases for periods:	
		a.	Exceeding one year but not exceeding 3 years	400.00
		b.	Exceeding 3 years but not exceeding five years.	400.00
V.	'M' shed at low wharf			
	Under permit issued by the Chairman of the port of Cochin or any other Officer authorised in this behalf for period not exceeding one year.			400.00
VI.	Rent for open storage space on Willingdon Island			
	1.		Commercial purpose	170.00
	2.		Industrial Purpose	100.00
	3.		Hard Surface Area	200.00
	4.		Minimum charges for 1,2 & 3 above.	500.00
	5.		Pallets Rent for open storage space for storing pallets shall be charged on the basis of rates given at Sl. 1 to 4 above.	
VII.	Rent for office accommodation leased to parties on area basis			
				Rate per sq.mt. or part thereof per month or part thereof (in Rs.)
	1.		Under permit issued by the Chairman of the port of Cochin or any other Officer authorised in this behalf for period not exceeding one year.	70.00
	Minimum charge			700.00
VIII.	Rent for fumigatorium for storage of export cargo			Rs.20.00 per 10 sq.mtr. or less per day or part thereof
IX.	Way leave charges			
	1.		Way leave charges for laying pipelines through port's land	Rs.100.00 per sq.mtr. for the area occupied by pipeline/year.
	Note: The area occupied will be calculated by multiplying the actual length of the pipelines with the width which will be taken as (a). For pipelines of 80 M.M. or less: 0.3. metre (b). For other pipelines: the actual width occupied by the line plus 0.3 metre.			
Note: For the items covered under VI to IX above, in accordance with the policy guidelines communicated by the Govt. vide letter dated 1.4.95, all charges / rates will be increased every year @ 5% of the base rate from the date of original notification of these rates till March 2004. Thereafter, the rates will be increased by 2% per annum as per the revised guidelines on land policy issued by the Government in February / March 2004.				

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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/11/2009-COPT - Proposal from the Cochin Port Trust for General revision of its Scale of Rates

1. The summary of comments received from users / user organisations and the comments of Cochin Port Trust (COPT) thereon are tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of users / user organisations</th><th>Comments of COPT</th></tr>
<tr><td>(1).</td><td>United Stevedores' Association of Cochin (P) Ltd.</td><td></td></tr>
<tr><td></td><td>Upward Revision sought in vessel related charges, wharfage on containers and miscellaneous charges have no bearing on the Stevedoring charges in Cochin Port hence the members have no comments to offer.</td><td>No comments furnished.</td></tr>
<tr><td>(2).</td><td>Cochin Custom House Agents' Association</td><td></td></tr>
<tr><td>(i).</td><td>Cargo related charges

(a). Discontinuation of advalorem wharfage rate is welcomed. The reduction proposed in the wharfage of thermal coal & other coal, sand and metal scrap is appreciated. Similarly the reduction is demurrage charges of import & salvaged goods and export & transshipment goods is also appreciated. All these are essential in the present scenario and the possible future scenario to attract more and more cargo through Cochin Port.

(b). Cochin Port Trust needs to earn more revenue through the handling of break bulk items once the ICTT at Vallarpadam starts operations by the end of 2009.

(c). The concession in transhipment cargo is also vital for the successful operation of ICTT at Vallarpadam. But that does not mean substantial increase in wharfage of other break bulk cargo such as 55% increase in Sugar, 65% increase in timber logs.

(d). The sharp increase in the wharfage rates of above items would force the shippers to divert to other neighboring ports. As such the increase should be done away with or a moderate/slight increase may be fixed instead of the steep increase.

(e). We are of the view that the existing charges for covered space at Rs.40/- may be continued and charges for open storage space should not be increased.

(f). Warehouse No.1,2,3,4 & 6 outside wharves should not be treated as Transit area for recovery of storage charges. The incremental slabs at the rate of 150% of the normal rate for the second month and 200% from third month should not be implemented or it may be modified as at 120% for the 3rd month and 140% from 4th month. The allotment should not be vessel wise but it should be Party/Agent wise only.</td><td>The wharfage rates given by the user association vide their letter dated 24th April 2009 are not correct. The rates proposed by COPT are as follows:-

(Rate in Rs.)<table><tr><th>Description</th><th colspan="3">Existing</th><th colspan="3">Proposed</th></tr><tr><td>Sugar, Raw Sugar</td><td>MT</td><td>37.20</td><td>62.00</td><td>MT</td><td>24.00</td><td>40.00</td></tr><tr><td>Timber logs</td><td>MT</td><td>33.60</td><td>56.00</td><td>Cu M</td><td>20.40</td><td>34.00</td></tr></table>
From the above it is clear that the proposed wharfage rates are much lesser than the existing rates.

COPT is suffering from acute shortage of storage space both open and covered. Hence the storage charges have been re-fixed at a telescopic rate to discourage the users from retaining the storage areas for longer period and keeping it idle.</td></tr>
</table>

<table>
<tr><td>(ii).</td><td>Container Related charges

(a). The increase in wharfage on container related charges at 40% is too steep and can not be justified at all.

(b). Cochin Port Trust is severely affected by the global recession. The exports of the entire major items handled through Cochin Port have shown a decline. It is clearly visible that recession has really adversely affected the exports through Cochin Port.

(c). Cochin Port handled 15.23 Million Metric Tone cargo in the year 2008-09 compared to 15.75 Million Metric Tone in the pervious year 2007-08 showing a decline of 3.34%. While the containers handled in the year 2008-09 was 2,63,473 TEUs compared to TEUS 2,53,715 in the previous year showing an increase of 2.27%.

(d). Cochin Port is way below in handling the Container traffic in comparison with the neighbouring ports except New Mangalore Port. The competition between the ports have become cut throat as the survival of the fittest and economically efficient has become the rule. At this juncture, it is not at all prudent and advisable to increase the container wharfage to 40%.

(e). Storage charges proposed on personal effects destuffed from containers in cubic meters is welcomed.</td><td>Wharfage charge for containers shown in Chapter V of the tariff revision proposal is applicable to only those containers, if any, which are handled exclusively by COPT. Those containers, which are handled by IGTPL, are required to pay the charges as per the Scale of Rates of IGTPL.

COPT is taking all efforts to control the cost so that the tariff can be reduced and more vessels can be attracted to call at the Port. But the huge increase in certain cost elements like salary and other employee related cost including pension, maintenance dredging cost, etc., over the years as well as the stagnant growth in vessel / cargo traffic and reduction in wharfage income from crude & POL are acting as the limiting factor. The increase in the above mentioned cost elements over the years is as follows: -

(Rs. in lakhs)
<table>
<tr><th>Particulars</th><th>2006-07</th><th>2007-08</th><th>2008-09 (Prov)</th></tr>
<tr><td>Salary</td><td>6735</td><td>8316</td><td>8312</td></tr>
<tr><td>Pension</td><td>4354</td><td>4507</td><td>4900</td></tr>
<tr><td>Maintenance Dredging</td><td>3595</td><td>4418</td><td>4367</td></tr>
</table>

In spite of all this, the Port has reduced the wharfage rates of some of the cargo items as well as the demurrage rates.</td></tr>
<tr><td>(iii).</td><td>In March 2006, the COPT had constituted a Committee to reduce the rates at Cochin Port Trust and the trade was directed to reduce the cost. Accordingly, the trade reduced the rates, but no reduction was made from the side of Cochin Port Trust and ironically Cochin Port gave a proposal to increase the rates by 40% and the same was approved by TAMP in 09.02.2007. Cochin Port has now come up with another increase of 40% increase which literally means an overall increase of 80% in a span of four years which is unheard of and not all logical and reasonable. While on the one hand, Cochin Port is directing the trade to reduce the cost while on the other hand, Cochin Port is increasing its own rates substantially and thereby adopting two yardsticks and the same can not be justified at all.</td><td></td></tr>
<tr><td>(iv).</td><td>In view of the global recession and decrease in the volume of export/import trade, it would be advisable to maintain the current Scale of Rates and defer the increase to some time later when the economic situation of the exim trade improves. Any increase particularly the steep increase as proposed by Cochin Port Trust would spell disaster for the overall development of exim trade through Cochin Port.</td><td></td></tr>
<tr><td>3.</td><td>Cochin Steamer Agents' Association</td><td></td></tr>
<tr><td>(i).</td><td>Proposal of COPT for increase in rates comes as a shocking news especially when the shipping industry is reeling under recession and shipping companies are bleeding.</td><td rowspan="2">(i) to (iii). The revision proposal has been prepared based on the overall financial position of the port. Detailed cost working for six years i.e. from 2006-07 to 2011-12 were prepared based on the total cost plus return basis and it was found that most of</td></tr>
<tr><td>(ii).</td><td>The 40 per cent increase in rate is totally unjustified when there has been no infrastructure development undertaken by the Port.</td></tr>
</table>

<table>
<tr><td>(iii).</td><td>The 40 per cent increase in Vessel Related Charges is totally not justified and acceptable especially when it is competing with neighbouring Ports for attracting Mainline Vessels at Cochin. Asking for a 40 per cent increase and giving the trade a 50 per cent discount is just an eyewash when in actual reality, it would tantamount only to a 10 per cent reduction.</td><td>the activities / sub activities are showing huge net deficits even before considering the admissible Return on Capital Employed (ROCE) except in the case of POL and Fertiliser. The deficit ranged from 20% to 627% as can be seen from the table below:-
<table>
<tr><th>Activity</th><th>% of hike required to cover the net deficit even before the admissible ROCE of 16 % from 2009-10 to 2011-12</th></tr>
<tr><td colspan="2">Cargo Related Charges</td></tr>
<tr><td>- Coal & Others</td><td>20% to 24%</td></tr>
<tr><td colspan="2">Vessel Related Charges</td></tr>
<tr><td>- Port Dues</td><td>73 % to 150 %</td></tr>
<tr><td>- Pilotage</td><td>96 % to 120 %</td></tr>
<tr><td>- Berth Hire</td><td>500 % to 627 %</td></tr>
</table>
Since such a huge hike in rates was not viable, it was decided to limit the hike to 40% in some of the activities.

In the case of 50% concession to mainline vessels, it was introduced based on the request of IGTPL as a traffic promotional measure to attract more containers to the Port. The concession has resulted in the calling of higher capacity mainline vessels at COPT. It is also informed that the 30% concession extended to feeder container vessels has been discontinued w.e.f. 11th May 2009 and the 50% concession extended to mainline vessels is extended up to 10th November 2009 based on the request of the users.</td></tr>
<tr><td>(iv).</td><td>Increasing in shifting charges to 50% of pilotage fee is also a move to recover expenses for shifting, when done on Ports convenience.</td><td>No shifting charges are collected in case a vessel is shifted for Port's convenience. The shifting charges have been fixed at 50% of pilotage service since the effort and cost involved is more or less similar to a normal pilotage operation.</td></tr>
<tr><td>(v).</td><td>Container Related Charges: With the commencement of private CFSs, a hike of 40 per cent in wharfage will only result in the Port CFS being unutilized. Therefore, any increase in the rate would be detrimental to the running of Port CFS.</td><td>Wharfage charge for containers shown in Chapter V of the tariff revision proposal is applicable to only those containers, if any, which are handled exclusively by COPT. Those containers, which are handled by IGTPL, are required to pay the charges as per the Scale of Rates of IGTPL.</td></tr>
<tr><td>(vi).</td><td>Changing the frequency of payment of port dues to a per entry for Coastal Vessels would practically kill this trade which has been picking up gradually and has contributed to the growth in volume of this Port. It is requested that the current mode may be continued i.e., the payment once in 30 days.</td><td>Frequency of the payment of Port Dues in the case of Coastal Vessel has been changed as per the draft model Scale of Rates issued by TAMP in January 2008.</td></tr>
<tr><td>(vii).</td><td>It is requested to maintain the existing rates atleast for the next two years.</td><td>No comments furnished.</td></tr>
<tr><td>4.</td><td>Bharat Petroleum Corporation Limited</td><td></td></tr>
<tr><td>(i).</td><td>COPT has taken POL traffic projection for the year 2010-11 and 2011-12 as 12.50 MMT.

BPCL- KR is in the process of commissioning the ongoing</td><td>COPT feels that the traffic projection of 12.5 Million Metric Tonnes (MMT) taken for the year 2010-11 is reasonable. In the absence of a firm commitment from the</td></tr>
</table>

	refinery expansion cum modernization project during the current financial year. With the expansion, the POL traffic through COPT by BPCL alone is expected to be around 11.5 MMTPA of POL traffic by other users. The total traffic through COPT is expected to rise to 13.5 MMTPA during the year 2010-11.	user, the Port was compelled to go in for a conservative approach in this regard.
(ii).	Since BPCL-KR is taking all efforts to maximize the crude oil and POL volume, the existing rate may be maintained for crude oil and POL. A higher rate at COPT would result in diversion of POL cargo to other ports.	The proposal for revision of Scale of Rates has been prepared based on the overall financial position of the port. It has reiterated that the % of hike is proposed based on the detailed cost working for six year for each of the main / sub activities. Since most of the activities were showing huge net deficits, COPT was compelled to propose a hike in some of the activities.
(iii).	Port Dues: Port dues is being levied by COPT based on cost incurred for providing services like marine survey, port conservancy, pollution control, harbour patrol, fire fighting, etc,. It is found that COPT is not incurring any expenditure for the services like marine survey, pollution control, harbour patrol & fire fighting at SPM. Contrary to this, port dues for SPM is proposed to be hiked by around 52%. Therefore, the port dues finalized vide Order No.TAM/32/2007-COPT may be maintained.	(a). Port dues have been fixed based on the cost incurred for providing various services like marine survey, port conservancy, pollution control, harbour patrol as a safety & security measure, fire fighting, etc. Since the SPM facility is located with in the port limits, the above services are also enjoyed by SPM facility and BPCL-KR was not required to incur any additional expenditure for the same. Surveillance and other safety measures are all the more applicable to SPM, since it is located at a remote place very near to the outer boundary of the Port limit. Also, if BPCL-KR is charged Port Dues at a reduced rate for operations at SPM, the other users will have to be over burdened in order to recover the cost. (b). The COPT has commissioned a Vessel Traffic Management System (VTMS) incurring a cost of Rs.8.60 crores for strengthening the marine safety and for smooth vessel movement. For strengthening the harbour patrol, the port has acquired two numbers high range speedboats investing about Rs.1.50 crores.
(iv).	Pilotage fee: The COPT has maintained existing rates with out formulating a well analysed proposal based on the actual cost incurred for offering pilotage services as per TAMP Order.	COPT is in the process of preparing a new proposal based on the actual working results for the year 2008-09.
(v).	Shifting charges: (a). In the proposal, it is mentioned that shifting charges is revised as 50% of pilotage rates as against existing 25%. However, proposed shifting charges for SPM is found to be 76% of pilotage charges, while for other berths it is maintained at 5%. The shifting charges shall be retained at 25% of pilotage charges applicable for SPM. (b). It is to be noted that BPCLKR has set up SPM facilities in the port area considering the long-standing relationship with COPT and for the mutual benefit of both the organizations. COPT also with this spirit has offered concession on wharfage rate to SPM to make the SPM project financially viable. However, the proposed increase in the vessel related cargo would wipe of the financial benefit offered through wharfage and would jeopardize the financial viability of the	The shifting charges have been fixed at 50% of pilotage service since the effort and cost involved are more or less similar to a normal pilotage operation.

<table>
<tr><td></td><td>project. Hence, it is requested that COPT may re-look into the present proposal for general revision.</td><td></td></tr>
<tr><td>5.</td><td>Indian Chamber of Commerce and Industry</td><td></td></tr>
<tr><td>(i).</td><td>Port Dues:
For regular scheduled vessels, the modification proposed in frequency of payment of port dues on per entry basis for coastal vessel will be an added burden. For Coastal and Foreign feeders calling Cochin on a weekly/fortnightly basis, the cost impact will be fourfold for weekly feeders and double for fortnightly calling feeders. The vessel operators will automatically pass on this cost to trade. It will be desirable not to implement this till the current market condition stabilizes. A rate revision can be considered, but not the collection of Port Dues for each entry.</td><td>The frequency of the payment of Port Dues in the case of Coastal Vessel has been changed as per the draft model Scale of Rates issued by TAMP in January 2008.</td></tr>
<tr><td>(ii).</td><td>Detention charges of Pilots:
The proposal is to levy charges for detention of pilot more than 30 minutes. This needs to be revised to 1 hour and 30 minutes, as many a time the delay is for completion of documentation works or completion of cargo operations.</td><td>There is acute shortage of pilot staff in COPT. Hence detaining a pilot for a longer period will affect the smooth flow of other vessels. Thus, the reduction in time limit is felt as a proper measure.</td></tr>
<tr><td>(iii).</td><td>Cancellation charges:
Increase proposed is 100%. The notice period for cancellation of requisition is proposed as 2 hours. It is requested that the notice period be amended to 1 hour as the current practice is inward and outward pilot is taken on many assumptions and these can be changed in just 1 hour.</td><td>The rates in the existing Scale of Rates (Item no. 2.2.21 (3), page no. 9) has been retained in the proposal submitted. Since there is acute shortage of pilots in COPT, it is felt that the limit of 2 hrs is correct.</td></tr>
<tr><td>(iv).</td><td>Shifting Charges:
Increase proposed is almost 200% increase. This needs to be reviewed in total as 80% of the chargeable shifting are on account of vessels that are berthed for urgent repairs/survey etc. The port should consider granting reduced charges for such vessels which are at berth and then the port decides to shift to another berth so that it can give berthing facility for another cargo vessel to commence operations.</td><td>No shifting charges are collected in case a vessel is shifted for port's convenience. It has reiterated that the shifting charges have been fixed at 50% of pilotage service since the effort and cost involved are more or less similar to a normal pilotage operation.</td></tr>
<tr><td>(v).</td><td>Berth hire charges:

The increase at the proposed tariff is as follows:
<table>
<tr><th>Q1-Q6</th><th>3001-10000</th><th>10001-15000</th><th>15001-30000</th><th>30001-60000</th></tr>
<tr><td>Coastal</td><td>152.60%</td><td>249.06%</td><td>283.87%</td><td>283.87%</td></tr>
<tr><td>Foreign</td><td>139.97%</td><td>229.04%</td><td>260.63%</td><td>260.63%</td></tr>
</table>
<table>
<tr><th>Container berth</th><th>3001-10000</th><th>10001-15000</th><th>15001-30000</th><th>30001-60000</th></tr>
<tr><td>Coastal</td><td>152.60%</td><td>249.06%</td><td>330.00%</td><td>330.00%</td></tr>
<tr><td>Foreign</td><td>139.97%</td><td>229.04%</td><td>302.33%</td><td>302.33%</td></tr>
</table>
<table>
<tr><th>Coal berth</th><th>3001-10000</th><th>10001-15000</th><th>15001-30000</th><th>30001-60000</th></tr>
<tr><td>Coastal</td><td>283.87%</td><td>283.87%</td><td>394.03%</td><td>394.03%</td></tr>
<tr><td>Foreign</td><td>260.63%</td><td>260.63%</td><td>359.92%</td><td>359.92%</td></tr>
</table>
With the above mentioned increase proposed in the berth hire charges, Cochin Port will become more non-competitive. Also, it is illogic to club/include cargo related charges like shore crane charges (first operations) in the berth hire. Moreover, Cochin Port has only four shore cranes that can</td><td>At present COPT is charging different berth hire rates for different berths at different slabs. As per clause 6.10. of TAMP guidelines 31st March 2005, there should only be a single rate for berth hire. Also, berth hire is one of the sub activities making a huge loss. To cover up the loss to some extent, berth hire has been re-fixed at the proposed rate.</td></tr>
</table>

	be used for bulk cargo operations and this cost need to be removed from the calculation of berth hire charges.	
6.	**Coimbatore Custom House and Steamer Agents Association**	
(i).	The hike sought by the port may not be considered due to the following reasons: (a). Global recession and economic crunch is acute and as a result of this impact the shippers are constrained to export their products at a very lower rate from even before. (b). Steamer lines have reduced their freight rates for want of cargo and every penny is precious for their existence to withstand. (c). Cancellation of vessels are common for want of cargo. (d). Steamers are visiting ports only for short stayal and shutting out the cargo beyond their stay. (e). Steamer Agents/CHA/Traders and associates with trade are retrenching staff and therefore unemployment is huge.	No comments furnished.
7.	**Container Shipping Lines Association (India)**	
	It has reiterated the comments of Cochin Steamer Agents' Association.	The COPT has already furnished its comments on the points made by the Cochin Steamer Agents' Association.
8.	**Kerala Chamber of Commerce and Industry**	
	The Kerala Chamber of Commerce and Industry has reiterated the comments of the Cochin Custom House Agents' Association.	The COPT has already furnished its comments on the points made by the Cochin Custom House Agents' Association.
9.	**India Gateway Terminal Private Limited**	
	The global economic recession has adversely affected the trade as a whole, and the export / import sector in particular, resulting in a steady decrease of export and import cargo movements. Any increase in the present tariff will encourage diversion of cargo to the other ports. In view of the above dire circumstances, any hike in the present tariffs will only help in aggravating the situation and therefore should not be considered favourably until situation improves.	No comments furnished.
10.	**Marine Products Export Development Authority**	
(i).	Cargo related charges: (a). The Seafood Exporters Association of India (SEAI) welcome the discontinuation of advalorem wharfage in general and the reduction in the demurrage charges of import & salvaged goods and export & transhipment goods. They have expressed their concern in substantial increase in wharfage of other break bulk cargo. (b). The existing charges for covered space at Rs.40/- per square metre may be continued and charges for open storage space should not be increased. (c). It has reiterated the comment made by Cochin Custom House Agents' Association that Warehouse Nos.1,2,3,4 & 6 outside wharves should not be treated as Transit area for recovery of storage charges. The incremental slabs at the rate of 150% of the normal rate for the second month and 200% from third month should not be implemented or it may be modified as at 120% for the 3 month and 140% from 4	No comments furnished.

<table>
<tr><td></td><td>month. The allotment should not be vessel wise but it should be Party/Agent wise only.</td><td></td></tr>
<tr><td>(ii).</td><td>Container Related charges:

(a). The proposed increase in wharfage on container related charges by 40% is too steep and is detrimental to the trade particularly in the context of 40% increase in wharfage affected on 9.2.2007. At this juncture, it is not all prudent and advisable to increase the container wharfage charge by another 40%.

(b). The seafood trade welcomed the storage charges on personal effects destuffed from containers to be specified in cubic meters.</td><td>No comments furnished.</td></tr>
<tr><td>(iii).</td><td>It is requested to maintain the current scale of rates and defer the increase to some time later when the economic situation of the export import trade improves. Any steep increase in rates as proposed by COPT would hinder the development of export import trade of marine products through Cochin port.</td><td>No comments furnished.</td></tr>
<tr><td>11.</td><td>Tea Board</td><td></td></tr>
<tr><td>(i).</td><td>When a comparison is made between Cochin Port and other ports in South India in respect of Terminal Handling Charges, stuffing etc. there appears to be a huge difference in the rates, as shown in the following table:

<table>
<tr><th>Particulars</th><th>Port</th><th>20' (Rs. Ps.)</th><th>40' (Rs. Ps)</th></tr>
<tr><td>THC</td><td>Cochin</td><td>4975</td><td>7066</td></tr>
<tr><td>THC</td><td>Chennai</td><td>4302</td><td>6017</td></tr>
<tr><td>THC</td><td>Tuticorin</td><td>3640</td><td>4986</td></tr>
<tr><td>Stuffing</td><td>Cochin</td><td>3658</td><td>5818</td></tr>
<tr><td>Stuffing</td><td>Chennai</td><td>1750</td><td>2400</td></tr>
<tr><td>Stuffing</td><td>Tuticorin</td><td>1500</td><td>2900</td></tr>
</table></td><td></td></tr>
<tr><td>(ii).</td><td>General view of the exporters is that there are already high rates prevailing and any further increase in the general rates will increase Terminal Handling Charge as a whole, which will adversely affect tea export due to less competitiveness.</td><td></td></tr>
<tr><td>(iii).</td><td>Many tea exporters have already shifted their operations to other ports due to some adverse factors like frequent labour problems, hike in THC etc. Further, tea export is facing stiff competitions from other exporting countries like Srilanka, Kenya, Uganda, China, Vietnam, etc. As a result, tea export from India show a declining trend.</td><td></td></tr>
<tr><td>(iv).</td><td>Taking into account the grave situation prevalent, it is Tea Board's earnest opinion that there should not be any further increase in the general rates in the interest of tea industry as a whole, especially with particular reference to exporters Tea plays a vital role in contributing foreign exchange to the national exchequer.</td><td></td></tr>
<tr><td>12.</td><td>Apparel Export Promotion Council</td><td></td></tr>
<tr><td>(i).</td><td>The initiative of upward revision to the tune of an exorbitant 40 percent at Cochin Port is much detrimental in the present context for apparel exporters. This is when country's apparel exporters are reeling under the severe impact of global recession which has taken a toll on their profitability and operations. Moreover, revision of rates in a larger scale does not holds good for the interest of the port itself in the long run as this would mean greater diversion of traffic to other ports in the closer vicinity.</td><td></td></tr>
</table>

(ii).	Apparel exporters using the facilities of Cochin Port have already been severely impacted by the spate of ongoing labour problems at the port. The series of strikes have hit the transportation and handling of cargoes to a great extent. Moreover, the labour problems have resulted in slapping large scale demurrage charges on exporters by the shipping lines hitting their revenue base hard in turn making an adverse impact on their operation. Taking the same into consideration, any steep upward revision of rates pertaining would to vessel related charges would be uncalled for.	
(iii).	Steep upward revision proposed in storage charges for containers lying at the container freight stations and other port facilities with an intention to offset congestion are also uncalled for. This is as because the apparel exporters has been making all honest efforts to timely evacuate the containers from the storage areas with his own transportation facilities to minimise production lead times. However, timely evacuation of cargo by loading and unloading the same into the trailer trucks has meant involvement of the port's own labour handling the equipments, on which the exporters have no control who have been known to be slow on productivity front. This has been coupled with the, the apprehension with exporters also galore as the port labour involved may resort to flash strikes, which have been a persistent problem of the past resulting in delay of evacuation of containers from the port premises again a taking a toll on the revenue base of the exporters.	
(iv).	Moreover, there has been an issue of strikes by trailer operators hitting the operation of the exporters at the port. In context of the same it would be requested not to go for any ad hoc steep revision of rates.	
(v).	On charges for stuffing and de stuffing of containers again the revision of rates by 20 percent needs to be justified by the port on the ground whether any necessary value addition is done on the same as apparel is a highly fragile cargo and needs careful handling.	
(vi).	According to INSA, COPT is one of the most expensive ports in the world by way of port cost. It is 600 per cent costlier than Colombo Port and 330 per cent over Dubai.	
(vii).	The port cost of a 1,200 TEUs with the recent revision is $19,000 at Kochi against $3,300 in Colombo and $5,700 in Jebel Ali. Compared to other west coast Indian ports, Kochi is 1.4-1.6 times higher.	
(viii).	Besides, ancillary charges for common user facilities are higher too, resulting in high operating costs. Considering all these factors, the proposal for increase is ill-timed. At a time when Kochi is gearing up to convert to an international container port, it would be sensible to reduce port and handling cost and improve operating efficiency.	

2. A joint hearing in this case was held on 20 June 2009 at the COPT premises. The COPT made a power point presentation of its proposal. At the joint hearing, COPT and the concerned users / user associations have made the following submissions:

Cochin Port Trust

(i). Escrow account for royalty receipts will be maintained when IGTPL moves to ICTT. RGCT is the existing terminal of COPT which is operated by IGTPL and, therefore, escrow account is not necessary as of now.

(ii). If we follow the cost plus approach strictly, the increase warranted in some of the vessel related charges will be around 500%. But, we have moderated the increase.

India Gateway Terminal Private Limited

(i). Marine charges at COPT should be competitive in order to attract transhipment traffic at Vallarpadam. The existing rates are already on the higher side.

(ii). Our Licence Agreement requires the port to maintain Vessel Related Charges in line with Colombo Port. The proposed increase is a violation of the Agreement.

Bharat Petroleum Corporation Limited (Kochi Refineries Limited)

(i). Even though the port claims 40% increase, the sector specific increase for POL is around 150%.

(ii). We will handle around 13.25 million tonnes of cargo. The port should adjust its traffic forecast accordingly.

(iii). SPM rates cannot be increased within one year. The existing rates can be maintained for atleast 5 years. The increase for oil jetty can be nominal, if it becomes unavoidable.

The Fertilisers and Chemicals Travancore Limited

(i). The proposed increase in tariff will trigger diversion of cargo to other ports which will only further deteriorate the financial position of the port.

Indian Chamber of Commerce and Industry

(i). The proposed shifting charges linked to pilotage is not at all acceptable.

(ii). The port should take action to attract additional traffic to augment its financial position instead of seeking increase from the existing volumes. Additional volumes will come only if tariff is competitive.

Indian National Shipowners Association

(i). The global economy has slowed down and freight rates are very low. Any increase in port charges will be a serious burden on shipowners.

(ii). The port should explore other avenues to raise the required revenue.

(iii). Cochin is already the costliest port in this region. The proposed increase will make the port unattractive to shipping lines.

3.1. At the joint hearing, Cochin Chamber of Commerce and Industry (CCCI) made written submissions on proposal of the COPT and has also submitted a comparative statement of vessel related charges for different Indian Ports to highlight the high marine cost at COPT. The main points made by CCCI in the written submissions relevant to the general revision proposal of the COPT is given below:

(i). Across the board increase proposed by the port particularly the increase in the estate rentals are excessive and will seriously affect the business competitiveness of the business houses located on the Willingdon Island.

(ii). It has reiterated the points made by other user association that COPT is already one of the most expensive port in the country. At a time when the Vallarpadom Project and other infrastructure projects are nearing completion it is imperative that the Cochin Port projects itself as a cost effective efficient port if it wants to attract business to it.

(iii). The Authority should refrain from considering the proposal for an all round increase in the Scale of Rates and ensure that status quo is maintained.

3.2. Subsequently, FACT Limited has also vide letter dated 22 July 2009 submitted that the selling price of fertilizer are fixed by the Government of India. As it is running in cash loss, it has requested that atleast fertilizer should be exempted from such increase.

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