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**Tariff Authority for Major Ports**

G.No. 349

New Delhi,

11 September 2017

**NOTIFICATION**

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Cochin Port Trust seeking approval for fixation of normative tariff for stevedoring and shore handling operations, as in the Order appended hereto.

**(T.S. Balasubramanian)**  
Member (Finance)

# Tariff Authority for Major Ports

Case No. TAMP/81/2016-COPT

Cochin Port Trust

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Applicant

## QUORUM

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

## ORDER

(Passed on this 21<sup>st</sup> day of July 2017)

This case relates to the proposal dated 21 November 2016 received from Cochin Port Trust (COPT) for determination of Upfront tariff for Stevedoring and Shore Handling operations at COPT under the new Stevedoring and Shore handling Policy, 2016.

2. The Ministry of Shipping vide its letter no. PD-11033/73/2013-PT (pt) dated 14 June 2016 has forwarded a copy of Stevedoring and Shore Handling Policy for Major Ports, 2016 to be effective from 01 August 2016. Subsequently, the MOS vide its letter no. PD-11033/73/2013-PT (pt) dated 7 October 2016 read with 17 October 2016 has issued the Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operation authorized by Major Ports as a Policy direction under Section 111 of the Major Port Trusts Act, 1963. The said Guidelines have been notified by this Authority under letter No.407 dated 15 November 2016.

3. A workshop was held on 5 November 2016 on the said Guidelines issued by the MOS Guidelines for Determination of Upfront Tariff for Stevedoring and Shore Handling Operations authorized by Major Port Trusts under Section 42 (3) of the Major Port Trusts Act 1963. Senior Officials of all the Major Port Trusts including COPT, participated in the said workshop.

4.1 In pursuance of the said Guidelines issued by the MOS, the COPT has come up with a proposal for fixation of upfront tariff for stevedoring and shore handling operations.

4.2. The main points made by COPT in its proposal dated 21 November 2016 are summarised below:

- (i). The cargo profile of Cochin Port is dominated by Liquid Cargo, predominantly POL, at 67% of the throughput of 22.10 MMT in 2015-16; containerised cargo at 26% of the throughput and Dry and Break Bulk cargo at 7% of the throughput. Also, 66% of the Dry and Break Bulk cargo was Cement and Fertilizer Raw Materials handled through pipelines and conveyors, without Stevedoring operations. Therefore, the volume of cargo that involved stevedoring and shore handling at Cochin Port in 2015-16 amounted to only 5.52 LMT as under. The containerised cargo are handled at the BOT terminal, ICTT operated by DP World, which is outside the scope of the Stevedoring and Shore Handling Policy, 2016.

### **Cargo handled through Stevedoring and Shore Handling**

(in Metric tonnes)

<b>Cargo</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>Dry Bulk</b>			
Murate of Potash	36,360	67,917	22,000
Urea	0	0	0
Wheat	0	0	95,475
Coking Coal	0	97,817	88,250
Shredded Scrap	26,666	0	27,500
Ilmenite Sand	36,582	20,012	40,985
Clinker	0	0	97,930
River Sand	32,303	1,62,513	0
Salt	37,000	38,331	1,05,420
Zinc concentrate	32,831	10,700	0
Bauxite in Barges	15,560	9,848	12,199
<b>Break Bulk</b>			

Timber Logs	1,55,561	11,119	5,491
Steel	5,690	15,787	37,609
Project Cargo	16,099	19,397	19,524
Bagged Cargo	0	0	0
<b>Total</b>	<b>3,94,652</b>	<b>4,53,441</b>	<b>5,52,383</b>

- (ii). Cochin Port has followed the approach prescribed in the Guidelines for estimating the Optimal Capacity and the Operating Cost per shift towards arriving at the Ceiling Tariff.
- (iii). The productivity norms for various commodities have been moderated considering the constraints in handling certain cargo. It is noted that the moderated productivity is about 20-30% above the actual productivity in the past 3 years towards realizing the objective of enhancing productivity and thereby reducing the cost to the user. It may also be noted that the number of hooks per shift has not been moderated for Dry Bulk, and conforms to the norms as per the Guidelines. However, the number of hooks per shift has been moderated for Break Bulk cargo, in view of small parcels.

#### Productivity Norms per Hook Shift and per Shift adopted for Ceiling Tariff

No.	Commodity	Norms/ Hook/ Shift (MT)	Hooks / Shift	Proposed Hooks/ Shift	Proposed Norms/ Hook/ Shift (MT)	Proposed Norms per Shift (MT)
<b>I</b>	<b>Dry Bulk</b>					
1	MOP	900	3	3	800	2400
	Urea	900	3	3	650	1950
2	Wheat	660	3	3	660	1980
3	Coking Coal	900	4	4	800	3200
4	Shredded Scrap	700	3	3	600	1800
5	Ilmenite Sand	1080	3	3	870	2610
6	Clinker	1080	3	3	950	2850
7	River Sand	1080	3	3	950	2850
8	Salt	1000	4	4	800	3200
<b>II</b>	<b>Break Bulk</b>					
1	Bagged Cargo	300	2.5	2	100	200
2	Jumbo Bags	560	2.5	2	400	800
3	Steel Coils	1360	2.5	2	500	1000
4	Steel Bars	280	2.5	2.5	330	825
5	Steel Plates & Pipes	280	2.5	2.5	280	700
6	Timber Logs-Hard	480	2.5	2	350	700

The realised productivity for various commodities in the past three years may be seen below.

#### Productivity Realised per Hook per Shift (MT)

No.	Cargo	2013-14	2014-15	2015-16
1	MOP	445	632	524
2	Urea	-	-	-
3	Wheat	-	-	405
4	Coking Coal	-	771	979
5	Shredded Scrap	445	-	324
6	Ilmenite Sand	527	625	696
7	Clinker	-	-	512
8	River Sand	950	896	-
9	Salt	578	900	891
10	Bagged Cargo	-	-	-
11	Jumbo Bags	-	-	-
12	Steel Coils	-	224	-

13	Steel Bars	-	-	-
14	Steel Plates	-	331	328
15	Steel Pipes	182	139	178
16	Timber Logs-Hard	182	288	549

- (iv). In accordance with the Guidelines, the equipments are proposed as per the norms. While computing the operating cost, the equipment hire cost has been obtained from the various stevedores, transporters and users, and have been cross verified for validation, which are as under.

**Hire Charges of Equipments for Computing the Ceiling Tariff for Stevedoring and Shore Handling Operations**

No.	Equipment	Capacity (MT/ Cum)	Hire Charges per Shift/ MT (₹)
1	Excavator	50	40,250
2	Pay Loader	10.5	11,500
3	Mobile Crane	10	11,500
		30	20,000
4	Truck-Trailer	20	3,000
		40	3,500
5	Truck-Tipper	15	7,500
		21	11,500
6	DFLT	3	6,400
7	DFLT	30	33,000
8	Bucket Grab	12 Cu m	30/ T
9	Orange Peel Grab	12 Cu m	35/ T
10	Timber Grab & Log Grabber	10 & 10	200/ T
11	Hopper	14 Cu m	10/ T

- (v). Cochin Port does not have any cargo handling equipments except a 40T HMC, which is hired out to users for stevedoring operations. Since the capacity and outreach of the HMC is relatively low, the crane is mainly used by barges and small ships only. The hire charges of HMC are therefore, not included in the Ceiling Tariff for stevedoring operations, and the Ceiling Tariff for all the commodities have been computed on the basis of handling by ship cranes. Therefore, the HMC hire charges, if any, will be in addition to the Ceiling Tariff. The prevailing rate for hiring the HMC is ₹40 per MT for Dry Bulk (foreign) and ₹24 for Dry Bulk (coastal); ₹42 per MT for Break Bulk (foreign) and ₹25.20 for Break Bulk (coastal); and ₹15,000 per shift and ₹10,000 for any part of shift of duration of 4 hours or less as minimum charges as approved by the TAMP and notified by G. No.180 dated 04.05.2016.
- (vi). In the case of estimating labour cost, Cochin Port is unique so that the Port does not collect any charges from the stevedores for availing the services of port labour for stevedoring and shore handling operations in terms of 'wages + percentage levy' or 'per ton levy' and 'piece rate incentives'. These charges were clubbed with Wharfage when the Dock Labour Board was integrated with the Port Trust in 1998. Therefore, the labour cost at Cochin Port for computing the operating cost could be zero, which has serious implications in estimating the Operational and Administrative Overheads. Therefore, the labour cost is considered at wages + 200% levy for the port labour deployed for stevedoring and shore handling operations. The said charges will be used only for computing the Operational and Administrative Overheads, and will not be accounted for in the operating cost. The labour considered are; Tindal/ Leader, Winch Driver, Signaller and Mazdoor, who are posted for operations.
- (vii). Cochin Port implemented the NIT Award only partially, and therefore, the labour cost has been computed at the actual labour deployment for stevedoring and shore handling operations since the Manning scale for stevedoring and shore handling operations is governed by an agreement between the Management and the Labour Unions at Cochin Port.

- (viii). (a). In the case of Dry Bulk cargo, the only permitted operation for cargoes viz., MOP, Urea, Wheat, Salt, Clinker and Ilmenite Sand is discharge through hoppers into trucks as dumping on the wharf is not permitted. Therefore, the Ceiling Tariff is proposed only for Method 3 of the Guidelines. There is no direct delivery of Dry Bulk cargo at Cochin Port, and therefore, such operations are not envisaged.
- (b). In the case of Coal and River Sand, two types of operations are envisaged; discharge through hoppers into trucks, and dumping on the wharf and subsequent clearance. Therefore, the Ceiling Tariff for the said commodities is proposed for Method 3 and Method 5 of the Guidelines.
- (c). In the case of Shredded Scrap, the only operation envisaged is dumping on the wharf and subsequent clearance, and the Ceiling Tariff is proposed accordingly for Method 5.
- (d). Cochin Port receives very small quantities (2,000 MT) of Bauxite in gearless barges, and productivity norms are not very relevant. The operation is wholly dependent on availing the services of the Port's HMC. The Ceiling Tariff applicable to the aforesaid cargo is therefore proposed equivalent to that of Clinker in view of low productivity.
- (ix). The Dry Bulk cargo, Coking Coal, Salt, River Sand and Shredded Scrap have their storage yards within 1 km distance from the berths, whereas MOP, Urea, Clinker, Ilmenite Sand and Wheat have the storage space mostly at a distance more than 1 km from the berths. The equipment norms have been proposed accordingly. Considering the relatively older and smaller trucks usually available for moving Salt to the storage yard due to the corrosive nature of the cargo, 5 trucks in addition to the norms are considered for computing the Operating Cost.
- (x). (a). Cochin Port has not handled Bagged Cargo in the past five years. However, Ceiling Tariff is proposed for Bagged Cargo in case such cargo is handled in the future. Two types of operations are envisaged; Method 1 and Method 3, and Ceiling Tariff are proposed accordingly. The productivity achieved in this cargo when it was last handled about 8 years back was only 80-100 MT per hook per shift, and the productivity norms have been fixed accordingly.
- (b). The Manning Scale for Bagged Cargo is very high at 14 Mazdoors per hook in addition to the normal deployment of 1 Tindal/ Leader and 1.5 Winch Driver and signaller each per hook. Therefore, only the wages of the Port labour (without 200% levy) are considered as labour cost for computing the Operational and Administrative Overheads in estimating the stevedoring cost for Bagged Cargo unlike in the case of Dry Bulk cargo and other Break Bulk cargo where wages + 200% levy are considered.
- (c). Also, the shore handling operation in Bagged Cargo is highly labour intensive, without equipments barring trucks for transport to sheds, in the case of Method 3. Therefore, 20% of the equipment cost (trucks) is assigned to labour cost against the norm of 10%. In the case of Method 1, Direct Delivery of Bagged Cargo, even the trucks are not part of Shore Handling operations, and hence the equipment cost becomes zero, making it impossible to assign any labour cost. However, labour is involved in receiving the bags on the trucks and stacking them in neat layers for direct delivery; careful and elaborate stacking is not required in moving the Bagged Cargo to sheds. Therefore, the same labour cost as in the case of Method 1 is assigned in Method 3 also.
- (d). In the case of other Break Bulk cargo like Jumbo Bags and Iron and Steel-Coils, Bars and Plates also, two types of operations; Method 1 and Method 3 are envisaged, and the Ceiling Tariff are proposed accordingly. In the case of Timber Logs, the only method applicable is

Method 4. Conforming to the norms, 10% of the equipment cost is assigned to labour cost for these cargo as they are relatively less labour intensive with respect to Bagged Cargo.

- (xi). All Break Bulk cargo have storage space within 1 km distance from the berths, and the equipment norms have been proposed accordingly. However, for Bagged Cargo, 10 trucks against the norm of 9 are considered in view of the high turnaround time.
- (xii). Cochin Port handles very small volumes of Project Cargo including Machinery, which are of highly varying dimensions and weight ranging from a few Tonnes to a few hundred Tonnes, and the handling gears also vary sharp as per the specific requirements of the cargo. It is not feasible to have a detailed breakup of the cost for each item. On discussion with the port users and the handling agents, the approximate cost per shift has been obtained. Therefore, in accordance with the Guidelines, the Ceiling Tariff of ₹50,000 per shift is proposed for Project Cargo including Machinery.
- (xiii). The Performance Standards applicable for 100% indexation of the Ceiling Tariff for Dry Bulk Cargo will be the performance standards prescribed in the Berthing Policy issued by the Ministry of Shipping in June, 2016.

4.3. On initial verification of the COPT proposal dated 21 November 2016, it was seen that the COPT had not furnished Draft Scale of Rates alongwith conditionalities governing the SOR, Proposed Performance Standards for Dry Bulk Cargo, List of users / user organisations, prospective applicants, who are to be taken on consultation on the proposal in reference. It was also seen that COPT had not furnished copy of approval of its Board.

4.4. In this backdrop, we have vide our letter dated 28 November 2016 requested the COPT to furnish requisite information immediately to enable us to take up the proposal for consultation with relevant stakeholders.

4.5. In response to our letter dated 28 November 2016, the COPT vide its email dated 6 December 2016 has furnished the following:

- (i). Proposed Draft Scale of Rates:
- (ii). (a). **Performance Standards for Dry Bulk Cargo for 100% indexation of Ceiling Tariff.**

Sl. No.	Cargo	Ship Berth Day Output (MT)
1.	Murate of Potash	9000
2.	Urea	7500
3.	Wheat	6000
4.	Coking Coal	12000
5.	Shredded Scrap	5400
6.	Ilmenite Sand	9720
7.	Clinker	9720
8.	River Sand	9720
9.	Salt	12000

- (b). **Performance Standards for Break Bulk:**

Sl. No.	Cargo	Ship Berth Day Output (MT)
1	Bagged Cargo	600
2	Jumbo Bags	2400
3	Steel Coil	3000
4	Steel Plates and Pipes	2100
5	Steel Bars	2475
6	Timber Logs- Hard	2100

- (iii). With regard to List of users / user organizations who are to be taken on consultation on the proposal in reference, the COPT has confirmed that there is no change in the list of users/ user organizations given in the website of TAMP.
- (iv). Copy of the Board approval.

4.6. Accordingly, the COPT seeks the approval on the following:

- (i). Proposed Upfront Tariff for Stevedoring and Shore Handling Operations at Cochin Port

**Dry Bulk:**

Sl. No.	Group	Commodity	Proposed Performance Standards per shift (in MT)	Rate per M.T. in ₹				
				Stevedoring Operations	Shore Handling Operations		Upfront Tariff	
					Ship Cranes	M-5	M-3	M-5
1	Finished Fertilizers	MOP	2400	116.00	0.00	151.00		267.00
		Urea	1950	130.00	0.00	180.00		310.00
2	Food Grain	Wheat	1980	129.00	0.00	178.00		307.00
3	Coal	Coking Coal	3200	92.00	125.00	105.00	217.00	197.00
4	Scrap	Shredded Scrap	1800	135.00	320.00	0.00	455.00	
5	Ore and Minerals	Ilmenite Sand	2610	111.00	0.00	140.00		251.00
6	Limestone and other bulk	Clinker	2850	107.00	0.00	168.00		275.00
		River Sand	2850	107.00	141.00	122.00	248.00	229.00
7	Salt	Salt	3200	114.00	0.00	126.00		240.00

**Break Bulk:**

Sl. No.	Group	Commodity	Proposed Performance Standards per shift (in MT)	Rate per M.T. in ₹						
				Stevedoring Operations	Shore Handling Operations			Upfront Tariff		
					Ship Cranes	M-5	M-3	M-1	M-3	M-4
1	Bagged Cargo	Cashew	200	242.00	302.00	0.00	50.00	544.00		292.00
		Cement	200	242.00	302.00	0.00	50.00	544.00		292.00
2	Jumbo Bags	Soda Ash, Cement etc.	800	187.00	126.00	0.00	11.00	313.00		198.00
3	Iron and Steel Coil	Steel Coil	1000	176.00	245.00	0.00	22.00	421.00		198.00
4	Iron and Steel pipes, plates	Steel Bars	825	219.00	250.00	0.00	23.00	469.00		242.00
		Steel Plates	700	257.00	294.00	0.00	27.00	551.00		284.00
5	Timber Logs- Hard	Logs	700	113.00	0.00	388.00	0.00		501.00	
6	Project Cargo- Ceiling Tariff per Shift								50000.00	

- (ii). Performance Standards for dry bulk and break bulk cargo as mentioned at para 4.5(ii).

5. In accordance with the consultation process prescribed, a copy each of the COPT proposal dated 21 November 2016 and 6 December 2016 (except copy of the Board Approval) was circulated vide our letter dated 8 December 2016 to the users/ user organisations seeking their comments.

6. The comments received from the Cochin Steamer Agents Association (CSAA) and United Stevedores' Association of Cochin Pvt. Ltd. (USACPL) on the subject proposal has been forwarded to COPT as feedback information. The COPT has furnished its comments thereon vide letter dated 10 June 2017.

7. A joint hearing in this case was held on 14 December 2016 at the COPT premises. The COPT made a brief Power Point presentation of its proposal. At the joint hearing, the COPT and the concerned users/ user organizations have made their submissions.

8.1. Based on the preliminary scrutiny of the proposal dated 21 November 2016 and 6 December 2016, the COPT was requested to furnish information / clarification on a few points vide our letter dated 01 March 2017. The COPT has, vide its letter dated 23 March 2017, responded to the information/ clarifications sought by us. Subsequently, the COPT vide its email dated 29 June 2017 has given clarification on the Performance Standards proposed for Dry Bulk Cargo for 100% indexation of the ceiling tariff. A summary of the information/ clarifications sought by us and the response of COPT are tabulated below:

Sl. No.	Information/ Clarifications sought by us	Response from COPT
1.	<b>Productivity Parameters:</b>	
(i).	Clause 3.3 of the Stevedoring and Shore handling guidelines stipulates the productivity norms for both dry bulk cargo and break bulk cargo for each of cargo classification. The productivity norms considered by the COPT are not as per the norms prescribed in the ibid guidelines except some cargoes viz., Food grains and other Ores and minerals under Dry Bulk cargo and Iron & Steel - Steel Plates under break bulk cargo classification. The productivity norms considered by the COPT are stated to be moderated considering the constraints in handling certain cargo. The COPT has also stated that the moderated productivity is about 20-30% above the actual productivity in the past 3 years towards realizing the objective of enhancing productivity and thereby reducing the cost to the users. However, on perusing the productivity norms proposed by the COPT, the productivity norms proposed by the COPT for Coking Coal and Salt seems to less than average of the productivity realized by the COPT in last three years. The COPT to clarify the position in respect of coking coal and salt.	The average productivity of Salt in the past 3 years is 789 MT which is below the proposed norm of 800 MT. Cochin Port handles very small volumes of Coal, that also Coking Coal, which is less productive than Thermal Coal. The volumes in the past 3 years considered for computing the productivity were zero in 2013-14, 97,817 MT in 2014-15, and 88,250 MT in 2015-16. Even though the average productivity in the 3 years amounts to 875 MT per hook shift, the norm of 800 MT was adopted due to the significant variation in productivity between the 2 years at 771 and 979 when Coal was handled.
(ii).	The COPT has proposed to include Urea under Finished Fertilisers commodity at 650 tonne per hook per shift. The productivity norm prescribed for Finished Fertilisers which includes MOP, Urea and other Finished Fertilisers is 900 Tonnes per hook per shift. While the COPT has considered the productivity at 800 tonne per hook per shift, for MOP, the reason for considering lower productivity for urea at 650 tonne may be explained.	The Specific Gravity of Urea (about 1.3) is considerably less than that of MOP (about 1.9), thereby reducing productivity. It is also relevant to note that there has been no handling of Urea at Cochin Port in the past 3 years 2013-14 to 2015-16.
(iii).	<b>Equipment hire cost for both Stevedoring and Shore Handling operations:</b>	
(a).	Clause 4.4.1 of the Stevedoring and Shore handling guidelines stipulates the norms for requirement of the equipment for 5 different handling methods. The equipment considered by the COPT is not as per the norms prescribed in the guidelines. The COPT to explain the basis for estimation of equipment required for and justify the	<b>1. Dry Bulk Cargo</b>  (a) 1&2. In the case of Finished Fertilizers, Ores & Minerals, Food Grains and Clinker, the equipments have been proposed as per the norms for storage space beyond 1 km from the berth, as stated at Para 2, Page 5, of the Tariff proposal, which is reproduced under.

reasons for deviation from the prescribed norms.

For an example, following are the deviations:

	Commodity	As per norms prescribed by the MOS	As considered by COPT
Dry Bulk Cargo – Equipment: 15T Trucks			
1.	Finished fertilizers, Food grains, Ores and Minerals	12	20
2.	Clinker (Lime stone & other bulk)	15	25
3.	Salt	15	20
Break Bulk Cargo – Equipment: Tractor Trailer			
1.	Bagged Cargo – Cashew/Cement	9	10
2.	Iron & Steel - Steel Coils	9	15
Break Bulk Cargo – Equipment: Mobile Crane/FLT/Grabber			
1.	Iron & Steel - Steel Coils/Steel Bars/Steel Plates	2	4

The COPT to justify estimation of all equipment at a higher rate as compared to the norms.

(b). “The Dry Bulk cargo, Coking Coal, Salt, River Sand and Shredded Scrap have their storage yards within 1 km distance from the berths, whereas MOP, Urea, Clinker, Ilmenite Sand and Wheat have the storage space mostly at a distance more than 1 km from the berths. The equipment norms have been proposed accordingly”.

(c). In the case of Salt, equipments (Trucks) were considered beyond norms, which was also explained at Para 2, Page 5 of the Tariff proposal as under.

(d). “Considering the relatively older and smaller trucks usually available for moving Salt to the storage yard due to the corrosive nature of the cargo, 5 trucks in addition to the norms are considered for computing the Operating Cost”. However, in the Excel sheet showing the computation, all the above commodities were shown under one category of within 1 km, in the Heading. The computation is as per the Guidelines. This will be separately shown now.

## 2. Break Bulk Cargo

(a). Cochin Port has not handled any Bagged cargo in the past 5 years as detailed in Page 5, Para 3 of the tariff proposal. The reason for proposing the equipments beyond norms for Bagged cargo have already been explained in Page 5, Para 4 of the proposal as 10 trucks are proposed against the norm of 9 in consideration of the high turnaround time of trucks, which have to be manually unloaded at the sheds.

(b). For Steel Coils, the equipments (trucks) are proposed higher than the norms towards ensuring the normative productivity. The specific nature of the operations of Steel Coil at Cochin Port where only one Steel Coil of about 20 T is carried in a truck at a time and the considerable time taken for lashing and the arrangement of dunnages for transportation were considered while proposing higher number of trucks.

## 3. Break Bulk Cargo- Equipment- Mobile Crane

(a). It is noticed that certain unwarranted errors have occurred in the Tariff proposal for Break Bulk Cargo except Bagged Cargo, which is manually handled. The error has occurred both in the allotment of on-board equipments for stevedoring operations and in the allotment of equipments for shore handling operations. COPT, therefore submits the revised proposal for fixing the Ceiling Tariff for stevedoring and shore handling operations for Break Bulk Cargo except Bagged Cargo as under with the following changes.

		<p>(i). While proposing the number of on-board equipments for stevedoring operations for Jumbo Bags, Steel Coil, Steel Bar and Steel Plates and Pipes, the number of equipments proposed is noticed to be more than that is prescribed in the Guidelines. The same is now proposed in accordance with the Guidelines @ 1 equipment on-board per shift for these cargos. The number of onboard equipments proposed for Timber Logs does not have any impact on the stevedoring tariff since the cost of equipments is proposed on a per ton basis as is evident from Form-II. However, the number of equipments has been reduced to one per shift in accordance with the Guidelines.</p> <p>(ii). The number of Mobile Cranes for shore-handling operations of Steel Coils, Steel Plates and Pipes proposed is more than that is prescribed in the Guidelines. The proposal is now modified in conformity with the Guidelines. For Timber Logs, the shore handling equipments have been proposed as per the Guidelines, and no change is proposed. The Guidelines have not allowed any shore-handling equipment (Mobile Cranes) for handling Jumbo Bags, which appears an omission. COPT has, however proposed 2 Mobile Cranes for operating two hooks, which are required to unload the Jumbo Bags (normally of 1-1.5 T) from the trucks at the shed/ yard. There is no change now.</p>
(b).	The COPT to furnish documentary evidence in support of the unit rate of hire charges for equipments considered by it.	Documentary evidence for the equipment hire charges could not be furnished as the bills issued by the Stevedores are composite, covering the entire operation. The rates have been obtained through enquiries with the trade.
<b>(iv).</b>	<b>Labour Cost for Stevedoring Operations:</b>	
(a).	Annex – VIII of the Stevedoring and Shore handling Guidelines (labour cost estimation) stipulates the norms for deployment of labour per shift in respect of each of the commodity group for stevedoring operation. However, it is seen from the workings furnished by it for estimation of labour cost that there are deviations. For an example, the norms for estimation of labour for stevedoring operation for the Finished Fertilizer commodity is 1 Signal man per hook and 1 Operator per equipment as against the port has considered 5 Signal man, 5 winch driver, 9 mazdoor and 5 Tindal. The COPT to furnish the reasons for each of the deviations.	As explained at Para 3, Page 4 of the Tariff Proposal, Cochin Port implemented the NIT Award only partially. The Manning Scale proposed is as per the agreement between the Management and Labour Unions of Cochin Port. Moreover, the number of Winch Drivers, Tindals, Signallers and Mazdoors are for 3 hooks in a shift, and not per hook. The manning per hook will be 1.67 each for Winch Driver, Tindal and Signaller and 3 for Mazdoor.
(b).	An arithmetical error is noticed in the actual labour cost calculation (Form III) considered for estimation Operational & Administrative overheads also. The COPT to rectify the same.	The error was due to omission of one column on 'Allowances' by oversight. The same is rectified. However the 'Total' remains unchanged.

(c).	<p>The COPT has stated that it has implemented the NIT Award only partially and therefore, the labour cost has been computed at the actual labour deployment for stevedoring and that shore handling operation is governed by an agreement between the Management and Labour Unions at COPT. The COPT in its proposal has stated that it has considered the labour cost at wages plus 200% levy for computation of Operational and Administrative overheads. The basis for considering the 200% levy in addition to the wages may please be explained. The COPT is also requested to furnish a copy of agreement entered between the Management and Labour Unions.</p>	<p>The levy last collected from the stevedores in December, 1998 before switching over to the current system, where no levy is collected from the stevedores, was 275%. However, only 200% levy has been proposed in order to compute the operational &amp; administrative cost. The copy of the agreement between Management and Labour Unions on the Manning Scale at Cochin Port is furnished by the Port.</p>																																		
(d). (i)	<p>The COPT, while estimating the labour cost for stevedoring operations for break bulk cargo, has considered the labour cost only at wages (without any levy) for all the commodity groups except Jumbo bags. Whereas the labour cost for Jumbo bags is considered at wages plus 200% levy. The reason for considering levy for Jumbo bags alone at 200% may be explained.</p>	<p>The labour levy of 200% was proposed for all Break Bulk cargo except Bagged Cargo at Para 3, Page 5 of the Tariff Proposal, reproduced under:</p> <p>The Manning Scale for Bagged Cargo is very high at 14 Mazdoors per hook in addition to the normal deployment of 1 Tindal/ Leader and 1.5 Winch Driver and signaller each per hook. Therefore, only the wages of the Port labour (without 200% levy) are considered as labour cost for computing the Operational and Administrative Overheads in estimating the stevedoring cost for Bagged Cargo unlike in the case of Dry Bulk cargo and other Break Bulk cargo where wages + 200% levy are considered". However, it is found that the 200% levy is omitted for Steel Coils, Steel Bars, Steel Plates and Pipes and Timber Logs, and is only proposed for Jumbo Bags, in the Excel sheet for computation of Tariff. This is now corrected and 200% levy is proposed for all Break Bulk cargo except Bagged cargo as proposed at Para 3, Page 5 of the Tariff Proposal.</p>																																		
(d). (ii).	<p>The No. of labour considered by the COPT towards estimation of both Dry bulk Cargo and labour cost for both Dry bulk Cargo and Break bulk Cargo is not as per the norms prescribed in the Stevedoring and Shore Handling Guidelines. The Port to justify the deviation for each kind labour as well as for each commodity group.</p>	<p>As already clarified at 1(iv) a, and at Para 3, Page 4 of the Tariff Proposal, Cochin Port implemented the NIT Award only partially and the Manning Scale proposed is as per the agreement between the Management and the Labour Unions of Cochin Port. The Manning Scale of Cochin Port vs. the prescription of the NIT award may be seen below:</p> <p><b>Comparison of Manning Scale at COPT with NIT Award</b></p> <table border="1" data-bbox="882 1778 1401 2094"> <thead> <tr> <th rowspan="2">Sl. No.</th> <th rowspan="2">Cargo (category &amp; operation)</th> <th colspan="2">Manning Scale as per NIT Award</th> <th colspan="2">Manning Scale Implemented</th> </tr> <tr> <th>Mazdoor</th> <th>Tindal/Leader</th> <th>Mazdoor</th> <th>Tindal/Leader</th> </tr> </thead> <tbody> <tr> <td colspan="6" style="text-align: center;">Break Bulk</td> </tr> <tr> <td>1</td> <td>Bagged Cargo (excluding Jumbo bags)</td> <td>12</td> <td>2 per vessel</td> <td>14</td> <td>1 per Hook</td> </tr> <tr> <td>2</td> <td>Timber Logs (Grab operation)</td> <td>Nil</td> <td>2 per vessel</td> <td>3</td> <td>1 per Hook</td> </tr> <tr> <td>3</td> <td>Defence Cargo</td> <td>6</td> <td>2 per vessel</td> <td>8</td> <td>1 per Hook</td> </tr> </tbody> </table>	Sl. No.	Cargo (category & operation)	Manning Scale as per NIT Award		Manning Scale Implemented		Mazdoor	Tindal/Leader	Mazdoor	Tindal/Leader	Break Bulk						1	Bagged Cargo (excluding Jumbo bags)	12	2 per vessel	14	1 per Hook	2	Timber Logs (Grab operation)	Nil	2 per vessel	3	1 per Hook	3	Defence Cargo	6	2 per vessel	8	1 per Hook
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(e).	The COPT to confirm that the unit rate of labour per shift complies with the guideline position.	The unit rate of labour has been taken at the actual rates as shown at Form III.																																				
(v).	<p><b><u>Labour Cost for Shore Handling Operation:</u></b></p> <p>Clause 4.5.7 stipulates the norm for estimation of labour cost for shore handling operation at 5% of the equipment hire cost for dry bulk cargo and 10% of equipment hire cost for break bulk cargo. The labour cost estimated by the COPT for Break Bulk cargo for the Bagged Cargo and Jumbo Bags at 20% of equipment hire cost is not as per the norms prescribed in the said clause of the Guidelines. The COPT to justify 20% of equipment hire cost as labour cost.</p>	<p>The justification for this is already provided at Para 3, Page 5 of the Tariff Proposal reproduced under.</p> <p>“Also, the shore handling operation in Bagged Cargo is highly labour intensive, without equipments barring trucks for transport to sheds, in the case of Method 3. Therefore, 20% of the equipment cost (trucks) is assigned to labour cost against the norm of 10%. In the case of Method 1, Direct Delivery of Bagged Cargo, even the trucks are not part of Shore Handling operations, and hence the equipment cost becomes zero, making it impossible to assign any labour cost. However, labour is involved in receiving the bags on the trucks and stacking them in neat layers for direct delivery; careful and elaborate stacking is not required in moving the Bagged Cargo to sheds. Therefore, the same labour cost as in the case of Method 1 is assigned in Method 3 also”. It may be noted that excepting Bagged cargo, all Break Bulk cargo including Jumbo Bags have been assigned Labour cost only @ 10% of the equipment cost conforming to the Guidelines.</p>																																				
(vi).	As per clause 7.1 of the Stevedoring and Shore Handling Guidelines, the operator is entitled for 100% WPI indexation in tariff instead of 60% WPI indexation on achievement of Performance Standard as prescribed in the Berthing Policy issued by the Ministry of Shipping vide letter no.PD-11033/73/2013-PT (pt) dated 16.06.2016 for dry bulk cargo. The port to confirm that the proposed Performance Standards are based on the berthing policy issued by MOS dated 16.06.2016 as required in the said guidelines. If not, the port may consider to propose Performance Standards for dry bulk cargo as per the Berthing Policy as provided in the clause 7.1. of the Stevedoring and Shore Handling Guidelines.	<p>(a).The Performance Standards proposed are as per the Berthing Policy issued by the Ministry of Shipping in June, 2016.</p> <p>(b). Subsequently the COPT vide its email dated 29 June 2017 has stated that, The Performance Standards proposed for Dry Bulk cargo for 100% indexation of the Ceiling Tariff are adopted from the Performance Standards prescribed in the Berthing Policy issued by the Ministry of Shipping in June, 2016, after proportionate moderation based on the number hooks prescribed in the Stevedoring Guidelines, as under:</p> <table border="1"> <thead> <tr> <th rowspan="2">Commodity</th> <th colspan="2">Berthing Policy</th> <th>Stevedoring Guidelines</th> <th rowspan="2">Proposed Productivity proportionate to the number of Hooks as per the Stevedoring Guidelines (TPD)</th> </tr> <tr> <th>No. of Hooks</th> <th>Productivity (TPD)</th> <th>No. of Hooks</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Commodity	Berthing Policy		Stevedoring Guidelines	Proposed Productivity proportionate to the number of Hooks as per the Stevedoring Guidelines (TPD)	No. of Hooks	Productivity (TPD)	No. of Hooks																												
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Salt	4	12000	4	12000																							
<b>(vii)</b>	<b>Proposed Scale of Rates</b>																										
(a).	<p>Clause 2.8 of Stevedoring &amp; Shore Handling Guidelines states that Major Port Trusts should comply with the policy direction set out by the Government from time to time like coastal cargo/ containers etc. One of the policy directions issued by the (then) Ministry of Shipping, Road and Transport and Highways (MSRTH) relates to concessional rate for coastal vessel and coastal cargo. As per para 3 (iii) and 5(2.2) of Order No. TAMP/4/2004–Genl. dated 7 January 2005 passed by the Authority based on the said policy direction of the MSRTH, the concessional tariff need to be prescribed for cargo handling charges at 60% of the rate for foreign for all the relevant handling charges i.e. ship-shore transfer and transfer from quay to storage yard including wharfage. The policy direction issued by the (then) MSRTH is uniformly applied at all the Major Ports and Private Terminal Operators governed under 2005, 2008 and 2013 guidelines while setting their tariff. The COPT, therefore, to consider proposing separate concessional rate for coastal cargo as per the policy direction issued by the (then) MSRTH and as per clause 2.8 of the Stevedoring and Shore Handling Guidelines issued by the MOS.</p>	<p>In this regard, kindly refer to the mail sent by the Traffic Manager i/c to the IPA, reproduced under.</p> <p>“We are of the opinion that coastal concession is not advisable in the tariff for stevedoring and shore handling operations. This is mainly due to multiple firms carrying out stevedoring and shore handling operations at Major Ports with varying mix of foreign and coastal cargo with some firms handling only foreign or coastal cargo. This is not the case with MbPT or BOT operators who undertake the entire stevedoring and shore handling operations as one single operator, at a port or a terminal as the case may be, who, therefore, will be able to cover the deficit in coastal cargo handling from foreign cargo handling. When multiple firms are engaged in stevedoring and shore handling operations at Major Ports except MBPT with varying mix of foreign and coastal cargo, coastal concession will result in undue increase in tariff for foreign cargo, which may have unintended consequences”.</p>																									
(b).	<p>While prescribing concessional tariff for coastal cargo to comply with the policy direction of the MOS, the port may suitably adjust the proposed rate (i.e. for foreign cargo) to capture the impact of coastal concession as done in the upfront and reference tariff cases. Please furnish detailed working of the rate (to be) proposed indicating the share of foreign and coastal cargo.</p>																										

8.2. While furnishing its reply to the queries raised by us, the COPT has also furnished some other comments as follows:

- (i). The ‘Norms for equipment on hire basis for shore handling operations of Dry Bulk cargo under different handling methods’ at Annex-IX and ‘Norms for equipment on hire basis for shore handling operations of Break Bulk cargo under different handling methods’ at Annex-X do not cover receipt or delivery operations at the shed / yard. The Methods 1 & 4 of the Dry Bulk cargo are deliveries for direct transportation to the consignee from the ship / wharf, not involving delivery or receipt, while the other Methods; 2, 3 and 5 ends at the storage yards and neither delivery nor receipt is envisaged. The same is the case with Break Bulk cargo where Methods 1 & 2 are direct deliveries either from the ship or from the wharf and do not involve

transportation and receipt or delivery at the storage yard. The other Methods; 3 and 4 ends at the storage yard and neither delivery nor receipt is envisaged. However, clause (3) are contrary to the above as may be seen below.

“Shore handling’ includes arranging and receiving the cargo to/from the hook point, intermodal transport from wharf to stack yard and vice-versa and also receiving and delivering of cargo from/to wagons/ trucks”. This is different from clause (3), 1.2. General Terms & Conditions of the Tariff Proposal of COPT dated 06.12.2016, “the charges for shore handling operations include arranging and receiving the cargo to/ from the hook point, inter modal transport from wharf to stack yard and vice-versa and does not include receiving and delivering of cargo from /to wagons /trucks and transportation charges from port premises to consignee’s premises”, where receipt and delivery are specifically excluded. This may be corrected to reflect the actual position of the Ceiling Tariff.

- (ii). Cochin Port has only one 40T HMC under ship to shore handling equipments, which therefore, is much inferior to the HMC indicated in the Guidelines of 100T capacity. The 40T HMC at Cochin Port is typically used by small ships including barges as per requirement, mostly when such ships and barges do not have gears. The 40T HMC is therefore, sparingly used by the ships at Cochin Port and the utilisation is less than 10%. Therefore, the stevedoring operations of both Dry Bulk and Break Bulk have been proposed considering only the ship cranes, which do not involve any hire charges for the stevedores. Therefore, any use of the Port’s 40T HMC by any ship will involve hire charges as per the Scale of Rates, which will be in addition to the ceiling tariff under stevedoring operations for Dry Bulk and Break Bulk cargo. This is explicitly stated under Notes,
- (iii). Tariff Schedule with the following amendment, which is highlighted “Wharfage, storage charges, and other miscellaneous charges **including the hire charges of the 40T HMC** shall continue to be levied by the port as per the prevailing Scale of Rates”.

8.3. While furnishing its reply on the information/ clarifications sought by us, the COPT has forwarded the revised proposal stating that the upfront tariff for break bulk cargo except bagged cargo, is proposed again in view of certain discrepancies in the computation with respect to the earlier proposal and certain unintended deviation from the guidelines. The productivity norms and the Upfront Tariff for Break Bulk cargo except Bagged cargo and Dry Bulk Cargo as proposed by the COPT are furnished here under:

- (a). **Productivity Norms per Hook Shift and per Shift as proposed in the revised proposal adopted for Ceiling Tariff**

No.	Group	Commodity	As per Guidelines		As proposed by COPT in the revised proposal dated 23 March 2017	
			Norms/ Hook/ Shift (MT)	Norms per Shift	Proposed Norms/ Hook/ Shift (MT)	Proposed Norms per Shift (MT)
<b>I</b>	<b>Dry Bulk Cargo</b>					
1	Finished Fertilizers	MOP	900	2700	800	2400
		Urea	900	2700	650	1950
2	Food Grain	Wheat	660	1980	660	1980
3	Coal	Coking Coal	900	3600	800	3200
4	Scrap	Shredded Scrap	700	2100	600	1800
5	Ore and Minerals	Ilmenite Sand	870	2610	870	2610
6	Limestone and other bulk	Clinker	1080	3240	950	2850
		River Sand	1080	3240	950	2850

7	Salt	Salt	1000	4000	800	3200
<b>II</b>	<b>Break Bulk Cargo</b>					
1	Bagged Cargo	Cashew	300	750	100	200
		Cement	560	1400	400	800
2	Jumbo Bags	Soda Ash, Cement etc.	1360	3400	500	1000
3	Iron and Steel Coil	Steel Coil	280	700	330	825
4	Iron and Steel pipes, plates	Steel bars and Steel Plates	280	700	280	700
5	Timber Logs- Hard	Logs	480	1200	350	700

(b). **Upfront Tariff - Stevedoring Operations - Dry Bulk cargo**

Sl. No.	Group	Commodity	Upfront Tariff per MT proposed in the revised proposal dated 23 March 2017
<b>A</b>	<b>Import</b>		
1	Finished Fertilisers	Murate of Potash	116.00
		Urea	130.00
2	Food Grain	Wheat	129.00
3	Coal	Coking Coal	92.00
4	Scrap	Shredded Scrap	135.00
5	Ores & Minerals	Ilmenite Sand	111.00
6	Limestone & other bulk	Clinker	107.00
		River Sand	107.00
7	Salt	Salt	114.00

(c). **Upfront Tariff - Stevedoring Operations – Break Bulk cargo**

Sl. No.	Group	Commodity	Upfront Tariff per MT
<b>A</b>	<b>Import</b>		
1	Bagged Cargo	Cashew	242.00
		Cement	242.00
2	Jumbo Bags	Soda Ash, Cement etc	160.00
3	Iron & Steel - Coil	Steel Coil	156.00
4	Iron & Steel – Pipes, plates	Steel Bar	208.00
		Steel Plates	244.00
5	Timber Logs	Logs	168.00

(d). **Upfront tariff for Shore Handling Operations - Dry Bulk Cargo**

Sl. No.	Group	Commodity	Method 3		Method 5
			Beyond 1 KM	Within 1 KM	
<b>A</b>	<b>Import</b>				
1	Finished Fertilisers	Murate of Potash	151.00	-	-
		Urea	180.00	-	-
2	Food Grain	Wheat	178.00	-	-
3	Coal	Coking Coal	-	105.00	125.00
4	Scrap	Shredded Scrap	-	-	320.00
5	Ores & Minerals	Other Ores & Minerals	140.00	-	-
6	Limestone & other bulk	Clinker	168.00	-	-
		River Sand	-	122.00	141.00
7	Salt	Salt	-	126.00	-

(e). **Upfront tariff for Shore Handling Operations – Break Bulk Cargo**

Sl. No.	Group	Commodity	Method 1	Method 3	Method 4
<b>A</b>	<b>Import</b>				
1	Bagged Cargo	Cashew	50.00	302.00	-
		Cement	50.00	302.00	-
2	Jumbo Bags	Soda Ash, Cement etc.	11.00	126.00	-
3	Iron & Steel - Coil	Steel Coil	16.00	171.00	-
4	Iron & Steel – Pipes, plates	Steel Bar	15.00	160.00	-
		Steel Plates	17.00	189.00	-
5	Timber Logs	Logs	-	-	388.00
6	Project Cargo (per shift)		50000.00	-	-

8.4. It is relevant here to mention that initially, the COPT has proposed the upfront tariff for shore handling operations for dry bulk cargo only under Method 3 i.e., Cargo unloaded onto truck (with hopper) and moved to storage yard within port premises beyond 1 km and Method 5 i.e., Cargo unloaded onto wharf (without hopper), loaded onto trucks & transported to storage yard within 1 km. Whereas, in the revised proposal dated 23 March 2017, the COPT has proposed the upfront tariff under one more method i.e., Method 3 i.e., Cargo unloaded onto truck (with hopper) and moved to storage yard within port premises within 1 km.

9. In the meantime, considering that the proposal is under consultation and as it may take some more time to dispose of the case and keeping in view that the MOS has directed this Authority for immediate action, this Authority has decided to grant adhoc approval to the upfront tariff for stevedoring and shore handling operations and Performance Standards as proposed by the port as an interim arrangement, pending fixation of final rates by this Authority after completion of the consultation process. Accordingly, this Authority had passed an Order on 8 February 2017. This Order has been notified in the Gazette of India Extraordinary (Part III Section 4) on 1 March 2017 vide Gazette No. 77.

10. Subsequently, while furnishing clarifications on its proposal, the COPT has, vide its letter dated 05 May 2017, again revised the proposal. The revised calculation in the said letter is not brought out in detail as the COPT has once again revised its proposal vide letter dated 09 May 2017 which is dealt in subsequent paragraphs. While revising the proposal dated 5 May 2017, the COPT has also furnished following additional information regretting for errors and rectifying the errors:

- (i). **Manning Scale for Timber Logs:**  
As per the settlement with the Trade Unions on 26.06.2009, the Manning Scale for Timber Logs specifies 8 Mazdoors. However, Cochin Port, since December, 2013 handles Timber Logs only by Grab Operation and therefore, the Manning Scale for Timber Logs is equivalent to that of Dry Bulk (Grab Operation- Other than Coal). While furnishing Reply to Queries dated 01.03.2017, the port has already given the comparison of the prevailing Manning Scale at Cochin Port with respect to the NIT award as brought out earlier wherein Timber Logs handling is mentioned by Grab Operations.
- (ii). **Timber Logs- Cost of Log Grabber:**  
Timber Grabs are engaged in stevedoring operations and the hire charges are specified at ₹50 per MT at Form-II, and at the proposed productivity of 700 MT per shift, the total cost is Rs.35,000. 'Log Grabbers', on the other hand, are engaged on the shore, the cost of which, therefore, is part of the shore handling tariff. The cost of the Log Grabber is also provided at Form-II, which is ₹150 per MT, and at the proposed productivity of 700 MT per shift, the total cost is ₹1,05,000 as at Form-XII (2). An error has happened in Form-X, 'Estimation of Equipment Hire Cost for Stevedoring Operations- Break Bulk Cargo', where 'Log Grabber' has been listed as the equipment instead of 'Timber Grab'. There is no change in the computation.
- (iii). **Jumbo Bags- Number of Mazdoors for Stevedoring Operations :**  
The number of Mazdoors specified at 20 for 2 hooks in Form-XI is an error. The number is corrected to 16 for 2 hooks as per the prevailing Manning Scale. Further,

an error is noted in the provision of Tindal/ Leader for Jumbo Bags, which should be 2 instead of 2.5 when the number of hooks is 2 per shift. The error is corrected. Consequently, the Determination of Upfront Tariff for Stevedoring Operations- Break Bulk Cargo (Jumbo Bags) at Form XIV and the Final Tariff at Form XVI (2) for Break Bulk Cargo (Jumbo Bags) has undergone change.

(iv). **Dry Bulk Cargo and Timber Logs- Number of Winch Drivers and Signallers:**

The number of Winch Drivers and Signallers specified at 5 for 3 gangs is an error. The number is corrected to 4.3 as per the prevailing Manning Scale, which allows for 1 reliever up to 3 hooks and 2 relievers for 4 to 6 hooks, which was subsequently amended to 2 relievers for 3 hooks in the 3rd shift (Night) with no change in the 1st and 2nd shifts. (Copy of the Order attached). Therefore, there will be 4 Winch Drivers and Signallers each for 3 hooks in the 1st and 2nd shifts and 5 Winch Drivers and Signallers each for 3 hooks in the 3rd shift. The average therefore comes to 4.3 (13/9) per shift of 3 hooks. There is no change in the reliever pattern for the number of hooks other than 3. Consequently, the Final Cost of Stevedoring Operations- Dry Bulk Cargo at Form VIII and the Final Tariff at Form XVI (1) for Dry Bulk Cargo, which has 3 hooks; F. Fertilizer (MOP & Urea), Wheat, Shredded Scrap, Ilmenite Sand, Clinker and River Sand has undergone minor change.

(v). **Form V- Labour Cost of Stevedoring Operations- Dry Bulk Cargo:**

The error in the computation of the total cost is corrected. Consequently, the Final Cost of Stevedoring Operations- Dry Bulk Cargo at Form VIII and the Final Tariff at Form XVI (1) for all Dry Bulk Cargo under all methods has undergone minor change.

(vi). **Form XIV- Determination of Upfront Tariff- Break Bulk Cargo- Omission of labour cost from Revenue Requirement:**

Kindly refer to Para 2, Page 4 of the original Tariff Proposal dated 21.11.2016, reproduced below, which explains the rationale for omitting the cost of labour from the computation of Revenue Requirement.

“In the case of estimating labour cost, Cochin Port is unique so that the Port does not collect any charges from the stevedores for availing the services of port labour for stevedoring and shore handling operations in terms of ‘wages + percentage levy’ or ‘per ton levy’ and ‘piece rate incentives’. These charges were clubbed with Wharfage when the Dock Labour Board was integrated with the Port Trust in 1998. Therefore, the labour cost at Cochin Port for computing the operating cost could be zero, which has serious implications in estimating the Operational and Administrative Overheads. Therefore, the labour cost is considered at wages + 200% levy for the port labour deployed for stevedoring and shore handling operations. The said charges will be used only for computing the Operational and Administrative Overheads, and will not be accounted for in the operating cost. The labour considered are; Tindal/ Leader, Winch Driver, Signaller and Mazdoor, who are posted for operations”.

(vii). **Shore Handling Operations- Dry Bulk Cargo- Method 3 and 5:**

Cochin Port has opted, under Method 5, storage only within 1 km; therefore, there is no computation for storage beyond 1 km. For Method 3, storage, both within 1 km and beyond 1 km are opted, and the computations have been furnished accordingly. In this regard, kindly refer to Para 2, Page 5 of the original Tariff Proposal dated 21.11.2016, which is reproduced below.

“The Dry Bulk cargo, Coking Coal, Salt, River Sand and Shredded Scrap have their storage yards within 1 km distance from the berths, whereas MOP, Urea, Clinker, Ilmenite Sand and Wheat have the storage space mostly at a distance more than 1 km from the berths. The equipment norms have been proposed accordingly”.

For clarity, Method 5 has been provided with the sub-heading, ‘within 1 km’. The correction is highlighted in the Form- XVI (1).

(viii). **Shore Handling Operations- Dry Bulk Cargo (Salt) - Number of Trucks:**

The deviation in the number of trucks for Salt was explained at Para 2, Page 5 of the Tariff proposal dated 21.11.2016 and in the reply to Queries dated 01.03.2017, as under.

“Considering the relatively older and smaller trucks usually available for moving Salt to the storage yard due to the corrosive nature of the cargo, 5 trucks in addition to the norms are considered for computing the Operating Cost”.

(ix). **Break Bulk Cargo (Bagged Cargo) - Applicability of Method 1 and 3:**

Bagged Cargo of 50 kg bags each, when it used to be handled at Cochin Port about 8 years ago, was handled in two ways; unloading in Net Slings by Port labour from the ship to the trucks positioned below the hook, which will be stacked by the private labour on the truck, for proceeding directly to the consignee; and unloading in Net Slings by Port labour from the ship to the trucks positioned below the hook, which will be moved to the shed in the truck and unloaded by private labour at the shed and stacked. The delivery will be from the shed by private labour after loading on to trucks. Therefore, Method 1 for ‘Direct Delivery’ and Method 3 for ‘Cargo unloaded onto truck and moved to storage yard within Port premises’ have been proposed for Bagged Cargo. The other methods are not found feasible for Bagged Cargo handling at Cochin Port.

(x). **Jumbo Bags- Method 3- Norms for Mobile Cranes:**

Mobile Cranes are required to unload Jumbo Bags from the Trucks under Method 3. However, the Guidelines provide only 9 Trucks and no Lifting Equipments. Therefore, for operating 2 hooks, 2 Mobile Cranes are required on the shore; one per hook. In this regard, kindly refer to the reply to Queries dated 01.03.2017, where it was submitted at page, 2, Break Bulk Cargo- Equipment- Mobile Crane, 1.2 as under.

“The Guidelines have not allowed any shore-handling equipment (Mobile Cranes) for handling Jumbo Bags, which appears an omission. COPT had, however proposed 2 Mobile Cranes for operating two hooks, which are required to unload the Jumbo Bags (normally of 1-1.5 T each) from the trucks at the shed/ yard. There is no change now”.

For clarity, Method 5 has been provided with the sub-heading, ‘within 1 km’. The correction is highlighted in Form- XVI (1).

(xi). **Shore Handling Operations- Break Bulk Cargo (Steel Coils) - Number of Tractor Trailers:**

The deviation in the number of trucks for Steel Coils is explained in reply to Queries dated 01.03.2017, which is reproduced under.

“For Steel Coils, the equipments (trucks) are proposed higher than the norms towards ensuring the normative productivity. The specific nature of the operations of Steel Coil at Cochin Port where only one Steel Coil of about 20 T is carried in a truck at a time and the considerable time taken for lashing and the arrangement of dunnages for transportation were considered while proposing higher number of trucks”.

(xii). **Break Bulk Cargo (Bagged Cargo) - Proposed Productivity:**

Kindly refer to Para 3, Page 5 of the Tariff Proposal dated 21.11.2016, which is reproduced under:

“Cochin Port has not handled Bagged Cargo in the past five years. However, Ceiling Tariff is proposed for Bagged Cargo in case such cargo is handled in the future. Two types of operations are envisaged; Method 1 and Method 3, and Ceiling Tariff

are proposed accordingly. The productivity achieved in this cargo when it was last handled about 8 years back was only 80-100 MT per hook per shift, and the productivity norms have been fixed accordingly”.

The proposed low productivity is confirmed. The port labour when deployed for handling Bagged Cargo, used to handle only 1,600-2,000 bags of 50 kg each per hook per shift, which is 80-100 MT. The productivity was never above this, and is one of the reasons for Bagged Cargo not being handled at Cochin Port, presently. The situation is unlikely to change in the future.

11.1. Additional information / clarification arising out of the revised proposal dated 05 May 2017, and information / clarification furnished by COPT, was sought to have clarity on a few points vide our letter dated 09 May 2017. The COPT has, vide its letter dated 09 May 2017, responded to the additional information/ clarifications sought by us. A summary of the information/ clarifications sought by us and the response of COPT are tabulated below:

Sl. No.	Information/ Clarifications sought by us	Response from COPT
(i).	Clause 3.5.7 of the Stevedoring & Shore handling guidelines stipulates that for estimation of labour cost as per norms, the unit rate will be the prevailing actual cost of labour. It is, however, seen that the port has considered the labour cost plus 200% levy plus piece rate wages. The port to confirm that 200% levy and piece rate are actually paid by COPT. If not the COPT may consider to exclude it while estimating the labour cost in line clause 3.5.7 of Stevedoring & Shore handling Guidelines.	On re-examination of the proposal on the levy of 200% on the Labour Cost, the proposal is modified to exclude the levy of 200% from the computation of labour cost since the same is not recovered by COPT from the Stevedores. However, in accordance with the Guidelines, the actual wages of labour, without levy, are included in the computation of labour cost. Consequently, the Final Tariff at Form XVI has also undergone change.
(ii).	While arriving at the labour cost per shift in Form III (soft copy), the COPT has divided the wage cost per employee per month by 30 (number of days) and multiplied by 1.25 to arrive at labour cost per shift for Tindal, Signaller, Winch driver and Mazdoor. The reason for applying multiplying factor of 1.25 times to be explained.	The Labour Cost is computed by dividing the monthly wages of workers by 30 and multiplying the result by a factor of 1.25. The multiplication by the factor of 1.25 is resorted to account for the payments to the employees towards leave salary, medical benefits, gratuity and pension.
(iii).	Further it is seen from Form – V - Estimation of Labour Cost for Stevedoring Operations - Dry Bulk cargo (Soft copy), that while arriving at Average Piece Rate Incentive per employee per shift, the port has taken the productivity norm in respect of all cargos except coking coal and scrap and multiplied by 0.50. In respect of coking coal and scrap, port has multiplied by 0.35. Similarly, multiplying factor of 0.75 is applied to the productivity norm for break bulk cargo to estimate the Average Piece Rate in Form-XI. The basis of applying multiplying factor at 0.50, 0.35 and 0.75 to the productivity norm to arrive at Average Piece Rate Incentive to be explained.	The piece rate incentives paid out by the Port, which are not recovered directly from the Stevedores is removed from the computation of labour cost.

11.2. While furnishing its reply to the additional information / clarification sought by us, the COPT has also made further submissions as given below:

(i). **Revision of Hire Charges of Equipments**

The hire charges of certain equipments, on re-examination, have been modified to reflect the market situation prevailing at Cochin. The hire charges per shift for Pay loader (10.5 T) has been revised to ₹13,500 from ₹11,500; the capacity of DFLT at Form II has been revised to 5 T from 3 T and the hire charges revised to ₹12,000

from ₹6,400 and the hire charges of 30 T DFLT revised to ₹40,000 from ₹33,000. It is confirmed that the revised rates are the rates prevailing in the market, presently. Consequently, the rates at Form IV and Form VI (1), (2) and (3) and the Final Tariff at Form XVI (1) and (2) has undergone change.

(ii). **Modification in the number of Winch Drivers and Signallers**

Modification in the number of Winch Drivers and Signallers is resorted to correct the earlier proposal, where for 2.5 hooks in a shift, 3 Winch Drivers and Signallers were provided. However, as per the reliever pattern, the number should be 3.5 (for 15 hooks in a period of two days with number of hooks, 3-2-3 and 3-2-2, each day, the Winch Drivers and Signallers posted each day will be 4-3-4 and 4-3-3. Therefore, the number of Winch Drivers and Signallers at 21 for 15 hooks gives an average of 1.4 per hook (21/15), which at the average number of hooks of 2.5 in a shift will need 3.5 (1.4\*2.5) Winch Drivers and Signallers each. Consequently, the rates at Form XIV and Final Tariff at Form XVI (2) have been changed.

(iii). **Modification in the Computation of Labour Cost for Bagged Cargo:**

Cochin Port does not handle any Bagged Cargo of 50 kg bags each, and the said cargo was last handled about 8 years ago. The productivity used to be extremely low at 80 to 100 MT per hook which is one major reason why the cargo is not handled at the Port presently. The cargo is unlikely to come in loose form which involves intensive labour involvement. Inclusion of the labour cost at the current level of manning scale of 14 Mazdoors per hook in addition to the normal deployment of 1 Tindal/ Leader and Winch Drivers and signallers including relievers per hook has increased the stevedoring rates for Bagged Cargo considerably. There is no market rate available at the Port today as the cargo is not handled for the past many years. Therefore, the revised rate can be accepted as the ceiling tariff. Also, the earlier proposal assigning 20% of the equipment cost (trucks) to labour cost against the norm of 10% for Shore Handling Operations is withdrawn, and 10% only is proposed, conforming to the Guidelines. The corrections are at Form XIII. Consequently, the rates at Form XV (1), XV (2) and Final Tariff at Form XVI (2) have been changed,

(iv). **Consequently, the rates at Form IV and Form VI (1), (2) and (3) have been changed, and the Final Tariff at Form XVI (1) and (2) has undergone change.**

11.3. While furnishing its reply on the additional information / clarifications sought by us, the COPT has also forwarded the further revised proposal modifying the labour cost component and hire charges for certain equipments. In the final revised proposal dated 9 May 2017, the COPT has made certain corrections only to the labour cost component and revision of hire charges for certain equipments. The comparison between the changes made in the labour cost component and hire charges of certain equipments with the original proposal and final revised proposal is furnished hereunder:

**Labour cost:**

Type of Labour	Labour Cost per shift considered in the Original proposal dated 21 November 2016, revised proposal dated 23 March 2017, and 2 <sup>nd</sup> revised proposal dated 5 May 2017 (in ₹/ shift) (Wages + 200% levy)	Labour Cost per shift considered in the Final revised proposal dated 9 May 2017 (in ₹/ shift)
Mazdoor	5574	1858
Signaller	6150	2050
Tindal	6103	2034
Winch Driver	6118	2039

The above modification is due to exclusion of 200% levy in the final revised proposal dated 9 May 2017.

**Hire charges of certain equipments:**

Particulars	Hire charges considered in the Original proposal dated 21 November 2016, revised proposal dated 23 March 2017, and 2 <sup>nd</sup> revised proposal dated 5 May 2017 (in ₹/ shift)	Hire charges considered in the Final revised proposal dated 9 May 2017 (in ₹/ shift) to reflect the market situation at Cochin
10.5 T Payloader	11500	13500
DFLT	6400 (3T DFLT)	12000 (5T DFLT)
30T DFLT	33000	40000

11.4. In view of the above modifications, the COPT has furnished final revised Upfront Tariff proposal for Stevedoring and Shore Handling Operations at Cochin Port as given below and accordingly sought the approval for the same:

### Proposed Upfront Tariff for Stevedoring and Shore Handling Operations at Cochin Port:

#### I. Dry Bulk Cargo:

Sl. No.	Group	Commodity	Productivity / shift (MT)	Rate per M.T. in ₹ / tonne						
				Stevedoring Operations	Shore Handling Operations			Upfront Tariff (Stevedoring + Shore handling)		
					Ship Cranes	M-5 Cargo unloaded onto wharf (without hopper), loaded onto truck transported to storage yard within 1 Km	Cargo unloaded onto truck through hopper and moved to storage yard			
1	Finished Fertilizers	MOP	2400	107.00	0.00	154.00	--	--	261.00	--
		Urea	1950	120.00	0.00	184.00	--	--	304.00	--
2	Food Grain	Wheat	1980	119.00	0.00	181.00	--	--	300.00	--
3	Coal	Coking Coal	3200	92.00	136.00	0.00	109.00	228.00	--	201.00
4	Scrap	Shredded Scrap	1800	126.00	330.00	0.00	--	456.00	--	--
5	Ore and Minerals	Ilmenite Sand	2610	102.00	0.00	143.00	--	--	245.00	--
6	Limestone and other bulk	Clinker	2850	98.00	0.00	173.00	--	--	271.00	--
		River Sand	2850	98.00	153.00	0.00	127.00	251.00	--	225.00
7	Salt	Salt	3200	108.00	0.00	0.00	130.00	--	--	238.00

#### II. Break Bulk Cargo:

Sl. No.	Group	Commodity	Productivity / shift (MT)	Rate per M.T. in ₹ / tonne						
				Stevedoring Operations	Shore Handling Operations			Upfront Tariff		
					Using Ship Cranes	Cargo unloaded onto truck and moved to storage yard within port premises M-3	Cargo unloaded onto wharf, loaded onto trucks and moved to storage yard within port premises and vice versa M-4	Cargo unloaded onto trucks for direct delivery to consignees premises or vice versa M-1	M-3	M-4
1	Bagged Cargo	Cashew	200	574.00	277.00	0.00	25.00	851.00		599.00
		Cement	200	574.00	277.00	0.00	25.00	851.00		599.00
2	Jumbo Bags	Soda Ash, Cement etc.	800	122.00	126.00	0.00	11.00	248.00		133.00
3	Iron and Steel Coil	Steel Coil	1000	145.00	171.00	0.00	16.00	316.00		161.00
4	Iron and Steel pipes, plates	Steel Bars	825	197.00	160.00	0.00	15.00	357.00		212.00

		Steel plates	700	232.00	189.00	0.00	17.00	421.00		249.00
5	Timber Logs-Hard	Logs	700	150.00	0.00	388.00	0.00		538.00	
6	Project Cargo- Ceiling Tariff per Shift									<b>50000.00</b>

12. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the 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>.

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

- (i). The Ministry of Shipping in June 2016 has issued Stevedoring and Shore Handling Policy for Major Ports, 2016, to fix normative tariff for carrying out of Stevedoring and Shore Handling operations, separately for mechanized and manual handling of dry bulk cargo and break bulk cargo. Subsequently, the MOS in October 2016 has forwarded the Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operation authorized by Major Ports. Thereafter, a Workshop was conducted in the Office of this Authority in November 2016 with all the Major Port Trusts. In this backdrop, the Cochin Port Trust (COPT) has come up with a proposal for fixation of normative tariff for stevedoring and shore handling operations at COPT.
- (ii). The COPT had initially filed a proposal in November 2016. Subsequently, based on the information/ clarification sought by us, the COPT filed revised proposal dated 23 March 2017 and further revised it vide its letter dated 9 May 2017. Subsequently, the COPT has revised its proposal based on certain clarification sought by us and forwarded vide its email dated 9 May 2017. The final revised proposal dated 9 May 2017 alongwith the information/ clarification furnished by the COPT during the proceedings of the case in reference is considered in the analysis.
- (iii). As stated earlier, this Authority has vide Order No.TAMP/81/2016-COPT dated 8 February 2017 approved upfront stevedoring and shore handling operations on adhoc basis as an interim arrangement. The current exercise is for fixation of final upfront tariff based on the proposal filed by the COPT.
- (iv). The cargo profile of COPT is dominated by Liquid Cargo, predominantly POL at 67%, containerised cargo at 26% and Dry and Break Bulk cargo at 7% of the throughput of 22.10 Million Metric Tonnes (MMT) handled in the year 2015-16. Of the Dry and Break Bulk cargo, 66% comprises of Cement and Fertilizer Raw Materials handled through pipelines and conveyors, which does not involve Stevedoring operations. Therefore, the volume of cargo that involves stevedoring and shore handling at COPT based on 2015-16 traffic is only 0.522 MMT. The containerised cargo handled at the BOT terminal, operated by IGTPL, is outside the scope of the Stevedoring and Shore Handling Guidelines, 2016 as per clause 1.4.
- (v). The Stevedoring and Shore handling Guidelines prescribes norms for twelve broad Commodity Group under each dry bulk cargo and break bulk cargo. The Guidelines also lists details of cargo under each commodity group. The COPT has proposed upfront tariff for Stevedoring and Shore handling operations for seven dry bulk Group viz., Finished Fertilisers, Food Grains, Coal, Scrap, Ores & Minerals, Limestone and other bulk cargos and salt and six break bulk cargo group viz., Bagged Cargo, Jumbo Bags, Iron & Steel – Coil, Iron & Steel – Pipes&, Plates, Timber logs and Project cargo following the broad cargo classification prescribed in the Guidelines. Amongst the broad cargo group, the COPT has proposed upfront stevedoring tariff for nine dry bulk commodities and seven break bulk commodities.
- (vi). **Productivity Standards for Dry Bulk Cargo and Break bulk Cargo:**

**Dry Bulk Cargo**

- (a). The COPT has arrived at the Productivity norm in respect of Murate of Potash (MOP), Urea, Food Grains (wheat), Coal (coking coal), Shredded Scrap, Ores & Minerals (illmenite sand), clinker, river sand and Salt under Dry Bulk Commodity cargo group at 2400 tonnes per shift, 1950 tonnes per shift, 1980 tonnes per shift 2850 tonnes per shift, 3200 tonnes per shift, 1800 tonnes per shift, 2610 tonnes per shift, 2850 tonnes per shift, 2850 tonnes per shift and 3200 tonnes per shift respectively at lower levels (except food grain and ores and minerals) as compared to the against productivity norm prescribed in the Guidelines at Annex-III of Stevedoring and Shore handling Guidelines for the corresponding cargo group.
- (b). The COPT has arrived at the Productivity norm in respect of Bagged cargo (cashew and cement), Jumbo bags (soda ash, cement etc.), Iron & Steel-coils (steel coils), Iron & Steel-plates (steel bar), Iron and Steel plates (steel plates) and Timber Logs at 200 tonnes per shift, 800 tonnes per shift, 1000 tonnes per shift, 825 tonnes per day, 700 tonnes per shift and 700 tonnes per shift respectively as against productivity norm prescribed in the Guidelines at Annex-IV of Stevedoring and Shore handling Guidelines for corresponding cargo group.
- (c). A comparative position of the normative productivity for dry bulk and break bulk cargo as per the Guidelines, the average productivity achieved by COPT for the last three years 2013-14, 2014-15 and 2015-16 based on the information furnished by COPT, the productivity level considered by the COPT and the reasons and basis for the same is furnished in a statement attached as **Annex – I (a) and I (b)**.
- (d). Clause 1.8 of the Stevedoring and Shore handling Guidelines allows this Authority to accept necessary adjustments in norms based on justification furnished by the port keeping in view the port specific condition having impact on the norm prescribed in the Guidelines. In view of the reasons furnished by the Port for deviation from the productivity norms prescribed in the Guidelines as brought out in **Annex – I (a) and I (b)** and in view of clause 1.8 of the Stevedoring and Shore handling Guidelines, this Authority decides to go ahead with the proposal of the Port based on the productivity standards proposed by the COPT.

**(vii). Rates for the Stevedoring Operations - Dry bulk and Break bulk:**

- (a). As stipulated in Clause 3.5.2 of the Stevedoring and Shore Handling Guidelines, the Operating cost for the Stevedoring Operations are grouped under following major heads, viz., Equipment hire cost, Labour cost, Operational Overheads and Administrative Overheads.
- (b). Equipment hire charge:
  - (i). Annex – VII to the Stevedoring and Shore handling Guidelines prescribes norms for estimation of equipment hire cost for stevedoring operations. As per the said Annex, for ship to shore the normative handling equipment are ship crane or shore crane or HMC or combination of these handling equipments. Norms prescribed for hatch working are Dozer 5T – 1 number hatch, grabs 1 no. per hook for a few dry bulk cargo and for dry bulk cargo it is 1 no of excavator per hatch per 1 no Grab per hook. As against the above position in the Guidelines, the COPT has reported that it does not have any cargo handling equipments except a 40T HMC, which is hired out to users for stevedoring operations. Since the capacity and outreach of the HMC is relatively low, the COPT has stated that crane is mainly used by barges and small ships only. The hire charges of HMC are, therefore, not included in the Ceiling Tariff for stevedoring operations, and the Ceiling Tariff for all the commodities have been computed on the basis of handling by ship cranes. The COPT has proposed the ship to shore handling using ship crane for both Dry Bulk and Break bulk Cargo. The proposal

of COPT is in line with the normative equipment prescribed in the Guidelines.

- (ii). The other Equipment proposed for handling Dry Bulk cargo are one pay loader per hatch per shift and 1 Grab per hook per shift which is as per the norms. For break bulk cargo, one Fork Lift Truck (FLT) per shift of 5T/30T proposed by COPT is in line with the equipment norms prescribed in Stevedoring and Shore Handling Guidelines.
- (iii). Further, as per the Stevedoring and Shore Handling Guidelines, the hire charges towards deployment of equipment is to be estimated based on the equipment hire cost prevailing at the relevant port locations or prevailing market based hire cost.

The COPT has, in the revised proposal, estimated hire charges for Pay Loader (10.5T), 5T DFLT, 30T DFLT at ₹ 13500/- per shift, ₹ 12,000/- per shift and ₹ 40000/- per shift respectively. The COPT has not furnished any documentary evidence in support of the hire charge of equipment. When sought clarification, the COPT has stated that the documentary evidence for the equipment hire charges could not be furnished as the bills issued by the Stevedores are composite, covering the entire operation. The COPT has, however, confirmed that hire charges reflect the prevailing market rate. The position reported by the port is relied upon.

(c). **Labour Cost:**

- (i). As per clause 3.5.7 of the Guidelines, labour deployment shall be as per the norms prescribed by the National Tribunal Award (NTA) as provided in Annex – VIII to the Guidelines and the unit rate will be the prevailing actual cost of labour for the quantum of the labour prescribed in the norms. The Guidelines also state that the prescribed norms and any other norms specifically given for a port shall be followed for calculation of labour cost.

The COPT has implemented the NTA award only partially. The labour deployment considered by the COPT is based on the actual labour deployment for stevedoring operations based on the Manning scale agreement between the Management and the Labour Unions at Cochin Port. Though the Stevedoring and Shore handling Guidelines do not stipulate any norms towards deployment of one Tindal for Dry Bulk operations, it is understood that one Tindal who is the leader of the Gang is a mandatory requirement per shift. Further, the COPT has proposed to include one reliever upto 1 to 3 hooks and two relievers for 4 to 6 hooks with regard to deployment of Winch drivers and signalman as per agreement entered between the Management and the Labour Unions at Cochin Port while estimating labour cost. The number of each type of labour category for each type of cargo is stated to be as per the agreement between the Management of COPT and the Labour Unions. In view of the above position cited by COPT and recognising that the guidelines allows port to consider any other norms specifically given for a port to be followed for calculation of labour cost, the number of labour considered by the COPT, which is reportedly based on agreement between the Management of COPT and the Labour Unions, is considered as proposed by the port

- (ii). The COPT has, in its proposal, stated that the port does not collect any charges from the stevedores for availing the services of port labour for stevedoring and shore handling operations in terms of 'wages + percentage levy' or 'per ton levy' and 'piece rate incentives'. These charges were clubbed with Wharfage when the

Dock Labour Board was integrated with the Port Trust in 1998. The Port in its original proposal and March proposal stated that since the labour cost at Cochin Port for computing the operating cost could be zero, which has an implications in estimating the Operational and Administrative Overheads, the COPT has considered the labour cost at wages + 200% levy for the port labour deployed for stevedoring and shore handling operations. The COPT has also considered the piece rate incentive @ 0.50 per tonne for dry bulk cargoes except coking coal and scrap, 0.30 per tonne for coking coal and scrap and 0.75 per tonne for break bulk cargo to estimate the average piece rate incentive. The total labour charges was used only for computing the Operational and Administrative Overheads, and not considered while arriving at the operating cost.

As stated earlier, as per Clause 3.5.7 of the Guidelines the unit rate for labour deployment will be the prevailing actual cost of labour for the quantum of labour prescribed in the norms.

To a specific query in view of deviation from the Guidelines, the COPT has, in its final revised proposal, modified the labour cost duly excluding the levy of 200% from the computation of labour cost on the ground that levy at 200% is not being recovered from the Stevedores. The COPT has also in the final revised proposal of May 2017 excluded the average piece rate incentive considered by it initially to arrive at the labour cost. The unit cost of labour with respect to Mazdoor, Signaller, Tindal and Winch Driver considered by COPT is ₹1858 per shift, ₹2050 per shift, ₹2034 per shift and ₹2039 per shift respectively as per actuals. The estimate of labour considered by the COPT in its final revised is in line with the guideline position and hence is considered as estimated by the COPT.

- (iii). In short, based on the above analysis, the labour cost as estimated by COPT is considered.
- (d). Each of the Operational Overheads and Administrative Overheads have been estimated at 20% of the equipment hire cost and labour cost, which is as per the stipulation contained in Clause 3.5.8 and 3.5.9 of the Stevedoring and Shore Handling Guidelines.
- (e). As stipulated in Clause 5 of the Stevedoring and Shore Handling Guidelines, margin at 20% on the total operating cost has been considered by COPT to arrive at the upfront stevedoring tariff.
- (f). A working to arrive at the upfront stevedoring tariff, based on the various parameters discussed above is attached as **Annex- II**.
- (viii). **Rates for the Shore handling Operations:**
  - (a). As stipulated in Clause 4.5.2 of the Stevedoring and Shore Handling Guidelines, the Operating cost for the Shore Handling Operations are grouped under following major heads, viz., Equipment hire cost, Labour cost, Operational Overheads and Administrative Overheads.
  - (b). Equipment hire cost:
    - (i). Clause 4.4.1 and 4.4.2 of the Stevedoring and Shore Handling Guidelines list down the five different handling methods that are adopted for shore handling operations of dry bulk cargo and four methods adopted for handling break bulk cargo. Out of the five handling methods prescribed in the Guidelines for dry bulk cargo, the COPT has considered two unloading methods. Dry Bulk cargo Coking coal, Shredded Scrap and River sand are envisaged to be

handled by method 5 viz. Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard; MOP, Urea, Clinker, Ilmenite sand and wheat are envisaged to be handled under method 3 viz. Cargo unloaded onto truck through hopper and moved to storage yard within the port premises for storage beyond 1k.m. Further, coking coal and river sand are envisaged to be handled by Method 3 also within 1km.

In respect of break bulk cargo, the COPT has proposed handling of all cargo (except timber logs) under method 1 viz. Cargo unloaded onto truck for direct delivery to consignees premises and method 3 i.e. Cargo unloaded onto truck and moved to storage yard within port premises and vice a versa. In case of timber logs, the only method of handling envisaged is Method 4 viz. Cargo unloaded onto wharf and loaded onto trucks and going to consignee premises. The method of handling dry bulk and break bulk cargo for shore handling operations as envisaged by COPT for proposing the rates for shore handling operations is relied upon.

- (ii). Clause 4.5.6 of the Stevedoring and Shore Handling Guidelines stipulates hire cost of Equipment to be taken on hire shall be estimated as per norms prescribed in Annex – IX of the Guidelines proposed to be deployed for the shore handling operations.
- (iii). A comparative position of the equipment deployment proposed by COPT for Shore handling operation vis-à-vis the norm prescribed in the Stevedoring and Shore Handling Guidelines for the method adopted by COPT is tabulated below:

**A. Dry Bulk Cargo:**

Sl. No.	Group	Commodity	Method of Shore Handling Operation adopted by COPT from the five methods prescribed in the Guidelines	Equipment Profile		Reasons for deviation, if any, as explained by COPT
				Norm	Proposed by COPT	
1	Finished Fertilisers	Murate of Potash (MOP) and Urea	Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises beyond 1 km.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 2 nos. 15T Trucks – 20 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 2 nos. 15T Trucks – 20 Nos.	No deviation
2	Food Grains	Wheat	Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises beyond 1 km.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 2 nos. 15T Trucks – 20 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 2 nos. 15T Trucks – 20 Nos.	No deviation
3	Coal	Coking Coal	(i). Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises within 1 km.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 15 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 15 Nos.	No deviation
			(ii). Method 5 - Unloading of cargo onto wharf (without hopper) and loaded onto trucks and transportation to storage yard within 1 km.	10T Pay Loaders -10 nos. 15T Trucks – 15 Nos.	10T Pay Loaders -10 nos. 15T Trucks – 15 Nos.	No deviation

4.	Scrap	Shredded Scrap	Method 5 - Unloading of cargo onto wharf (without hopper) and loaded onto trucks and transportation to storage yard within 1 km.	10T Pay Loaders -5 nos. Excavators – 5 Nos. 15T Trucks – 9 Nos.	10T Pay Loaders -5 nos. Excavators – 5 Nos. 15T Trucks – 9 Nos.	No deviation
5.	Ores & Minerals	Ilmenite sand	Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises <u>beyond 1 km.</u>	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 2 nos. 15T Trucks – 20 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 2 nos. 15T Trucks – 20 Nos.	No deviation
6..	Limestone & Other bulk	Clinker	(i).Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises <u>beyond 1 km.</u>	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 25 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 25 Nos.	No deviation
		River Sand	(ii).Method 5 - Unloading of cargo onto wharf (without hopper) and loaded onto trucks and transportation to storage yard within 1 km.	10T Pay Loaders -10 nos. 15T Trucks – 15 Nos.	10T Pay Loaders -10 nos. 15T Trucks – 15 Nos.	No deviation
			(iii). Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises within 1 km.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 15 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 15 Nos.	No deviation
7.	Salt	Salt	Method 3 - Unloading of cargo onto trucks through hopper and transportation to storage yard within the port premises within 1 km.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 15 Nos.	30 cub Mobile Hoppers – 4 Nos. 10T Pay Loaders - 4 nos. 15T Trucks – 20 Nos.	There is deviation from the prescribed norm in respect of trucks. Considering the relatively older and smaller trucks usually available for moving Salt to the storage yard due to the corrosive nature of the cargo, 5 trucks in addition to the norms are considered for computing the Operating Cost

**B. Break Bulk Cargo:**

Sl. No.	Group	Commodity	Method of Shore Handling Operation adopted by COPT from the four methods prescribed in the Guidelines	Equipment Profile		Reason for deviation as explained by COPT
				Norm	Proposed by COPT	
1	Bagged cargo	Cashew	(a). Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	Not Applicable	20 T Tractor Trailer - 10 nos.	There is a deviation from the norm prescribed. Bagged Cargo of 50 kg bags each, when it was handled at Cochin Port about 8 years ago, was handled in two ways; unloading in Net Slings by Port labour from the ship to the trucks positioned below the hook, which will be stacked by the private labour on the truck, for proceeding directly to the consignee; and unloading in Net Slings by Port labour from the ship to the trucks positioned below the hook, which will be moved to the shed in the truck and unloaded by private labour at the shed and stacked. The delivery will be from the shed by private labour after loading on to trucks. Therefore, Method 1 for 'Direct Delivery' and Method 3 for 'Cargo unloaded onto truck and moved to storage yard within Port premises' have been proposed for Bagged Cargo considering the past handling method.
		Cement	(b). Method 1- Cargo unloaded onto trucks for direct delivery to consignee premises or vice versa.	Not Applicable		
2	Jumbo bags	Soda Ash, Cement	(a). Method 1 - Cargo unloaded onto trucks for direct delivery to consignee premises or vice versa.	No Equipment	No Equipment	No deviation
			(b). Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	15 T Trucks - 9 nos.		

						has envisaged 40T Truck Trailer for transportation to storage yard as against 15T Trucks.
3	Iron & steel - coils		(a). Method 1 - Cargo unloaded onto trucks for direct delivery to consignee premises or vice versa.	No Equipment	No Equipment	No deviation.
			(b). Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	30 T Mobile Cranes - 2 nos. at yard, 40 T Tractor Trailers - 9 nos.	30 T Mobile Cranes - 2 nos. at yard, 40 T Tractor Trailers - 15 nos.	Deviation in respect of TTs. The trucks are proposed higher than the norms towards ensuring the normative productivity. The specific nature of the operations of Steel Coil at Cochin Port where only one Steel Coil of about 20 T is carried in a truck at a time and the considerable time taken for lashing and the arrangement of dunnages for transportation were considered while proposing higher number of trucks.
4	Iron & steel – Pipes & Plates – Both Steels Bars & Steel Plate		Method 1 - Cargo unloaded onto trucks for direct delivery to consignee premises or vice versa.	No Equipment	No Equipment	No deviation.
			Method 3 – Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	10 T Mobile Cranes - 2 nos. at yard, 40 T Tractor Trailers – 9 nos.	10 T Mobile Cranes - 2 nos. at yard, 40 T Tractor Trailers – 9 nos.	No deviation
5.	Timber Logs		Method 4 – Cargo unloaded onto wharf and loaded onto trucks and transported to storage yard within the port premises or vice versa	10T Log Graber – 7 Nos. 40 T Tractor Trailers – 12 nos.	10T Log Graber – 7 Nos. 40 T Tractor Trailers – 12 nos.	No Deviation

As seen above, there is a slight deviation in equipment profile proposed for deployment by COPT for a few cargo items for undertaking the Shore Handling Operations as compared to the equipment deployment norms prescribed in the Stevedoring and Shore Handling Guidelines. Clause 1.8 of the Stevedoring and Shore handling Guidelines allows this Authority to accept necessary adjustment in norms based on justification furnished by the port keeping in view the port specific conditions. In view of the above provision in the guidelines and in view of justification furnished by COPT for deviation from norms as brought out above and also recognising that none of the users/ stevedores have objected to the equipment proposed to be deployed by COPT, this Authority decides to fix upfront tariff for shore handling operations based on the equipment profile proposed by COPT.

Clause 4.5.6. of the stevedoring and shore handling guidelines stipulates that the concerned port shall obtain the hire cost of equipment from the market for determination of the upfront tariff.

The COPT has not furnished any documentary evidence in support of the hire charge of equipment stating that the documentary evidence for the equipment hire charges could not be furnished as the bills issued by the Stevedores are composite, covering the entire operation. The hire charge of the equipment is reportedly based on rates obtained by the port through enquiries with the trade. This Authority, therefore, relies on the equipment hire charges considered by the port.

(c). Labour Cost:

Clause 4.5.7. of the Stevedoring and Shore Handling Guidelines stipulates that the norm for estimating labour cost for shore handling operations at 5% and 10% of the equipment hire cost for dry bulk cargo and break bulk cargo respectively. In the final revised proposal, the labour cost estimated by the COPT is at 5% of the equipment hire cost for Dry Bulk Cargo and 10% of the equipment hire cost for Break bulk cargo, which is per the stipulation contained in Clause 4.5.7.9 of the Stevedoring and Shore Handling Guidelines.

(d). Each of the Operational Overheads and Administrative Overheads have been estimated at 20% of the equipment hire cost and labour cost, as per the stipulation contained in Clause 4.5.8 and 4.5.9 of the Stevedoring and Shore Handling Guidelines for shore handling operations.

(e). As stipulated in Clause 5 of the Stevedoring and Shore Handling Guidelines, margin at 20% on the total operating cost has been considered by COPT to arrive at the upfront shore handling tariff.

(f). The cost statement for determination of the upfront shore handling tariff for dry bulk cargo and break bulk cargo as furnished by COPT and considered by this Authority, based on the various parameters discussed above is attached as **Annex- III (a)** for dry bulk cargo and **Annex - III (b)** for break bulk cargo.

(ix). As stated earlier, since the COPT envisages ship to shore handling by using ship crane and has not included handling cost by HMC, which is mainly used by barges and small ships, the port has stated that the HMC hire charges, if any, will be in addition to the Ceiling Tariff proposed for stevedoring and shore handling operations as per the rates for HMC approved by this Authority. Accordingly, the COPT has proposed a condition in the Scale of Rates stating that the performance standards and tariff for Dry Bulk Cargo and Break Bulk Cargo for Stevedoring operations are considered only by using Ship Cranes. The HMC hire charges will be levied separately on its deployment as per the prevailing SOR. Since the port does not envisage deployment of HMC for stevedoring operations and hence cost of HMC hire is not included in the proposed upfront tariff. That being so, the proposal of the COPT that in case 40T HMC of the port is deployed, hire charges will be levied as per the rates prescribed in the existing Scale of Rates approved by this Authority vide Order No.TAMP/58/2015-COPT dated 27 February 2016 is approved.

(x). The port has proposed upfront tariff for shore handling operations for all dry bulk cargo and break bulk cargo viz. MOP, Urea, wheat, Coking Coal, Shredded Scrap, Ilmenite sand, Clinker, River sand and Bagged cargo, Jumbo bags, Steel coils, steel bars, Steel plates, Timber Logs, salt and Project cargo based on the upfront tariff derived generally following the prescribed norms and which is supported with detailed cost calculation as stated earlier. However, as regards the break bulk cargo viz. project cargo including Machinery, the COPT has stated that port handles very small volumes of Project Cargo including Machinery, which are of highly varying dimensions and weight ranging from a few Tonnes to a few hundred Tonnes, and the handling gears also vary sharply as per the specific requirements

of the cargo. The port has emphatically stated that it is not feasible to have a detailed breakup of the cost for this cargo. The COPT has proposed ceiling tariff of ₹50,000/- per shift which is reportedly based on discussion with the port users and the handling agents and after obtaining approximate cost of ₹50,000 per shift. The Stevedoring and Shore handling Guidelines do not prescribe productivity norm, equipment deployment norms for project cargo and machinery citing that cargo are not homogeneous in nature and they come in different sizes, shapes and weight. Hence, no productivity norms, equipment norms are prescribed in the guidelines. The guidelines stipulate that upfront tariff is to be prescribed on per shift basis based on the best productivity achieved by the port or any port handling such cargo. Since the port has emphatically stated that detailed costing cannot be worked out for this cargo, and recognising that the proposed rate is based on discussion with port users, the upfront tariff for project cargo as proposed by the COPT is approved in the absence of detailed costing made available by the port. The COPT is advised to come up with proper cost calculation at the time of next review based on best productivity achieved at its own port and other parameters based on actual operation of handling project cargo at its own port or alternatively other Major Port handling similar cargo.

- (xi). Based on the above analysis and taking into consideration the submissions made by the COPT, the upfront Stevedoring and Shore Handling Charges for dry bulk cargo and Break bulk cargo is approved as proposed by the Port in its revised proposal.
- (xii). The COPT has proposed Performance Standards for Dry bulk cargo and break bulk cargo in terms of ship berth day output for 100% escalation as follows:

(a). **Performance Standards for Dry Bulk Cargo for 100% indexation of Ceiling Tariff.**

SI. No.	Cargo	Ship Berth Day Output (MT)
1.	Murate of Potash	9000
2.	Urea	7500
3.	Wheat	6000
4.	Coking Coal	12000
5.	Shredded Scrap	5400
6.	Ilmenite Sand	9720
7.	Clinker	9720
8.	River Sand	9720
9.	Salt	12000

(b). **Performance Standards for Break Bulk:**

SI. No.	Cargo	Ship Berth Day Output (MT)
1	Bagged Cargo	600
2	Jumbo Bags	2400
3	Steel Coil	3000
4	Steel Plates and Pipes	2100
5	Steel Bars	2475
6	Timber Logs- Hard	2100

As per clause 7.1 of the Stevedoring and Shore Handling Guidelines, the operator is entitled for 100% WPI indexation in tariff instead of 60% WPI indexation on achievement of Performance Standard as prescribed in the Berthing Policy issued by the Ministry of Shipping vide letter no.PD-11033/73/2013-PT (pt) dated 16.06.2016 for dry bulk cargo. On a confirmation sought in this regard, the COPT

has stated that the Performance Standards proposed are as per the Berthing Policy issued by the Ministry of Shipping in June, 2016. The Performance standards for dry bulk cargo proposed by the port are compared with that given in the Berthing Policy at para 4.1.3.(iv) and is given below:

As per the Berthing Policy			Proposal of the COPT	Reasons for deviation furnished by COPT
Cargo	Berth day output in tonner/ day for 1 ship crane	So, Berth day output in tonnes/ day for 4 ship crane prescribed in Berthing Policy is -	Berth day output in tonnes/ day	
Murate of Potash	3000	12000	9000	Moderation in no of ship cranes. Considered 3 ship cranes as per norms of 3 hooks prescribed in the stevedoring guidelines in place of 4 nos of ship crane prescribed in the Berthing Policy
Fertiliser (Urea)	2500	10000	7500	
Food Grain (Wheat)	2000	8000	6000	
Salt	3000	12000	12000	No deviation
Coal (Coking coal)	3000	12000	12000	No deviation

As regards salt and coking coal, it is seen from the above table, that the performance standards proposed by the port are in line with the performance standard in the Berthing policy and hence is prescribed.

As regards Urea, Murate of Potash and Wheat, the port has stated that it has adopted the berth day output as prescribed in the Berthing policy except of one moderation in no of ship cranes. As against 4 ship cranes prescribed in the berthing policy, the port has considered 3 ship cranes based on the no of hooks prescribed in the stevedoring and shore handling guidelines.

As the port is the best judge of the operations carried out at its port and recognising that clause 7.1. of the berthing Policy allows the port to use the approach detailed in the Policy adapting it based on their existing infrastructure to calculate performance norms, based on the clarification furnished by the port, the deviation in the performance standards proposed by the port in respect of these three cargo is accepted. Clause 7.2 of the Policy regarding rolling out of Performance Norms encourages to roll out performance norms in a phased manner during the first year to reach the target levels. The ports are required to review the performance norms every quarter in the first year until target norms are achieved. The port has proposed a suitable note to review the Performance norms as per the Berthing Policy which is approved as stated in the subsequent paragraphs.

The Berthing Policy does not prescribe specific performance standards for other dry bulk cargo like shredded scrap, illmenite sand, clinker and river sand proposed by the port. That being so, the performance standards as proposed by the COPT which are stated to be as per the performance standards prescribed in the guidelines are relied upon and are approved. In any case, a note is prescribed requiring port to review the Performance Standards as per Berthing Policy. While doing so, the port should review the Performance Standards for these cargo as well following the approach prescribed in the Berthing Policy.

For break bulk cargo, the Stevedoring and shore handling guidelines stipulate that the Performance Standards to be prescribed by the respective ports, will be applicable. That being so, the performance standards for break bulk cargo is approved as proposed by the port. The port has not proposed any performance standards for project cargo for which upfront tariff is sought. That being so, it is stated therein that productivity to be considered by the port can be based on the

best productivity achieved by the port in handling such cargo so that 100% WPI indexation in tariff is available to the licensed agent on achievement of the performance standards in respect of this cargo. As stated earlier, the port to propose specific performance standards for this cargo at the time of next review.

As regards the point made by the USAC requesting that the productivity norms should be fixed “per hook per shift basis” instead of “per day basis” citing various reasons, the COPT has stated that the productivity norms are specified in terms of ship berth day output since the same is a meaningful average which takes into account normal ship operations. In this regard, it is more relevant to state that as per the Stevedoring and shore handling guidelines, the performance standards for dry bulk cargo have to be prescribed as per the Berthing Policy. The Berthing Policy prescribes performance on berth day output. Hence the proposal of the COPT is found to be in line with the guideline position.

- (xiii).
  - (a). While approving ad-hoc tariff, this Authority has approved terms and conditions commonly for all Major Port Trusts. The COPT has proposed to define the term ‘Day’ as the period of 24 hours starting from 7 am of day and ending at 7 am on the following day. The definition of “Day” proposed by COPT is in line with the definition prescribed in the Scale of Rates of COPT. Hence, the proposed definition is prescribed.
  - (b). The COPT has proposed to define the term “Shift” as the duration of 8 hours comprising of 3 shifts in a day which is approved as proposed by the COPT.
  - (c). The COPT has also proposed to define the term “Port Limit” as the limits of Cochin notified by the Central Government in terms of Section 4(2) of the Indian Ports Act, 1908. With regard to the definition of this term, it is seen that the word “Port limit” is not mentioned in the entire upfront tariff schedule proposed by COPT and hence not found necessary to prescribe. In any case, this term will continue to be governed by the provisions of the relevant Act and hence non-inclusion of definition of this term will not have any impact.
  - (d). The definitions of other relevant terms prescribed by this Authority while approving adhoc upfront tariff schedule for Stevedoring and Shore Handling at COPT is prescribed in the upfront tariff schedule while approving the final rates.
- (xiv). The COPT has proposed some notes under the General Terms and Conditions, which are discussed hereunder:
  - (a). The note (1) proposed by the COPT under General Terms & conditions is already prescribed under General Terms and Condition at note nos. (vi) & (vii) in the adhoc upfront tariff schedule. The same is proposed to be prescribed in final SOR.
  - (b). The note (2) proposed by the COPT under General Terms & conditions is already covered under Definitions of the term “Stevedoring” and hence not duplicated.
  - (c). The note (3) proposed by the COPT under General Terms & conditions defines the charges included in Shore handling operations. The said note states that the charges for shore handling operations include arranging and receiving the cargo to / from the hook point, inter modal transport from wharf to stack yard and vice-versa and does not include receiving and delivering of cargo from / to wagons / trucks and transportation charges from port premises to consignee’s premises. The note stating that it does not include receiving and delivering of cargo from to trucks is not found to be in line with definition of the term “Shore Handling” prescribed in the Stevedoring and Shore Handling Policy for Major Ports 2016 issued by the MOS. It is another matter that the definition does not cover transportation from port premises to consignee premises, which is factually correct. However, the harmonious reading of definition of shore handling given in the policy and

the Methods 3, 4 and 5 for shore handling operations prescribed in the guidelines and the equipment norms prescribed in Annex - IX and X of the guidelines would show that receipt of cargo at the stack yard and delivery of cargo at the stack yard i.e. unloading from truck or loading onto truck at the stack yard are required to be done by the licensed operator with the normative equipment profile. Therefore, the request of COPT to exclude receipt and delivery of cargo at the stack yard from shore handling operations is not agreed to. The term "shore handling" is, therefore, prescribed in line with the Policy as also prescribed while approving adhoc upfront tariff for COPT for stevedoring and shore handling operations under the Definitions.

- (d). The note (4) proposed by the port states that the Performance standards will be reviewed as per the Berthing Policy guidelines or any other guidelines of the Ministry of Shipping / competent authority as is applicable from time to time. The proposed note is in line with 7.2. of the Berthing Policy and hence is prescribed as proposed by the port subject to slight modification to stipulate review every quarter during the first year until target norms for commodity are reached as prescribed in clause 7.2. of the Berthing Policy.
  - (e). The note (5) proposed by the port states that the performance standards and tariff for Dry Bulk Cargo and Break Bulk Cargo for Stevedoring operations are considered only by using Ship Cranes. The HMC when used will incur separate hire charges as per the prevailing SOR. The proposed note is slightly reworded and shifted from General terms and Conditions to notes under tariff schedule.
  - (f). Note no. (6) proposed by the COPT prescribes various methods of shore handling operations at COPT which is retained as proposed by COPT.
  - (g). Notes proposed by the COPT as at (7) and (8) are already prescribed in notes (viii) and (ix) in the ad-hoc upfront tariff approved by this Authority which are continued to be prescribed in the final upfront tariff schedule for shore handling operations.
  - (h). Other general terms and conditions prescribed in the ad-hoc upfront tariff approved by this Authority in the Order dated 8 February 2017 are continued to be prescribed in the final upfront tariff schedule as well, as they are found relevant.
- (xv). As per Clause 2.10 of the Stevedoring and Shore Handling Guidelines, tariff caps will be indexed annually to the inflation to the extent of 60% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January and 31 December of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Further, as per clause 7 of the Stevedoring and Shore Handling Guidelines to be read with clause 2.10 of the Guidelines, annual indexation in SOR at 100% of the WPI is applicable subject to achievement of Performance Standards by the Operator. In the event the COPT confirms that the Operator has not achieved the prescribed performance standards in previous 12 months, the operator will not be entitled for 100% WPI indexation. The operator will continue to levy the tariff with 60% indexation as prescribed in Clause 2.10 of the Stevedoring and Shore Handling Guidelines. The COPT has proposed a note to the above effect in its Scale of Rates. However, the base year for indexation proposed by COPT is January 2016 which is corrected as January 2017 as estimates are of prevailing rates which pertain to the year 2017. Except for the above modification, the note proposed by COPT is approved.
- (xvi). Clause 2.8 of Stevedoring & Shore Handling Guidelines states that Major Port Trusts should comply with the policy direction set out by the Government from time to time like coastal cargo/ containers etc. One of the policy directions issued by the (then) Ministry of Shipping, Road and Transport and Highways (MSRTH) relates to concessional rate for coastal vessel and coastal cargo. As per para 3 (iii) and 5(2.2)

of Order No. TAMP/4/2004–Genl. dated 7 January 2005 passed by this Authority based on the said policy direction of the MSRTH, the concessional tariff need to be prescribed for cargo handling charges at 60% of the rate for foreign for all the relevant handling charges i.e. ship-shore transfer and transfer from quay to storage yard including wharfage. The policy direction issued by the (then) MSRTH is uniformly applied at all the Major Ports and Private Terminal Operators governed under 2005, 2008 and 2013 guidelines while setting their tariff.

In this regard, the COPT has opined that coastal concession is not advisable in the tariff for stevedoring and shore handling operations mainly because multiple firms carry out stevedoring and shore handling operations at Major Ports except in the case of Mumbai Port Trust (MBPT) with varying mix of foreign and coastal cargo with some firms handling only foreign or coastal cargo. When multiple firms are engaged in stevedoring and shore handling operations at Major Ports except MBPT with varying mix of foreign and coastal cargo, prescription of coastal concession will result in undue increase in tariff for foreign cargo, which may have unintended consequences.

It is relevant here to mention that the Mormugao Port Trust (MOPT) while processing its proposal for fixation of upfront tariff for the stevedoring and shore handling operations made a similar request for non-prescription of concessional tariff for coastal cargo on the grounds that cost of handling cargo by stevedores remains the same irrespective of its origin and that the stevedores handling only coastal cargo may not be in a position to recover its costs in comparison to the stevedore who handles same cargo from a foreign vessel. The other ports like Visakhapatnam Port Trust (VPT) and Kandla Port Trust (KPT) have also made similar points.

In view of the above position, the Ministry of Shipping (MOS) has been requested in January 2017 to examine whether the policy direction for prescription of concessional rate for eligible coastal cargo need to be applied while fixing tariff under the stevedoring and shore handling operations. The response of MOS is awaited.

In view of Clause 2.8. of the Stevedoring and shore handling guidelines and also recognising that the Coastal concession policy issued by the Government stipulates grant of coastal concession on all charges prescribed for ship-shore transfer and transfer from quay to yard and since the activities involved under the stevedoring and shore handling operations also include these activities, this Authority is bound to comply with the coastal concession policy while approving upfront tariff for stevedores and shore handling operations. Accordingly, notes as per coastal policy direction issued by the MOS are incorporated in the upfront tariff schedule in line with prescription at all the other Major Port Trusts. If the response of the MOS to be received on the matter referred to the MOS is different from the stand taken above, a suitable amendment is issued at that point of time.

- (xvii). (a). The United Stevedores' Association of Cochin Pvt. Limited (USAC) has pointed out that the productivity levels considered are on very high side and since the USAC depends on ship cranes it has requested to reduce the proposed productivity levels considered in the computation. In this regard, it is to state that the productivity norms prescribed in the Stevedoring and shore handling guidelines are on the normative basis considering the optimal equipment handling irrespective of Ship cranes or shore cranes or HMC or combination of equipment. As stated earlier and as stated by COPT, the port has moderated the productivity levels from the norms prescribed in the Guidelines which is discussed earlier.
- (b). The USAC has pointed out that the dry and break bulk vessel traffic is very low at Cochin Port over last couple of years due to various factors. Only 19 bulk vessels and 41 break bulk vessels were handled through the COPT in the year 2015-16. This indicate more than one third of the year berths were free with no vessels. In such a situation, the upfront tariff fixation as well as notifying performance standards will further deteriorate the minimum ongoing traffic of dry and break bulk cargo through this Port and hence, it

is too early to implement this proposal. In this regard, it is to state that both the COPT and this Authority are governed by the Stevedoring and Shore Handling Policy and Stevedoring and Shore Handling Guidelines issued by the MOS which require prescription of upfront tariff for stevedoring and shore handling operations. Further, as stated by COPT, the upfront tariff would bring in transparency in Port charges, which along with competition among stevedores, can attract more cargo to the Port.

- (c). The USAC has also pointed out that the proposal has not mentioned anything regarding revenue share/ license fee/ royalty payable to Cochin Port by the Operator. USAC has thus pointed out that it is imperative to notify revenue share/ license fee/ royalty payable to Port by the operator post implementation of proposal. In the event, no charges were explicitly mentioned, it will be difficult for the operator to collect from customer as this will be additional amount over the rate notified by this Authority. USAC has requested this Authority to notify the revenue share/ license fee/ royalty to Port explicitly in the final notification.

Clause 3.5.5 and 4.5.5 of the stevedoring and shore handling guidelines explicitly stipulate that revenue share will not be considered as cost for determination of tariff. Further, clause 3.5.5. (a) stipulates that the concerned Port Trust shall fix per metric tonne royalty considering the aspects prescribed in the guidelines. Thus, the point made by the USAC to this Authority to notify revenue share is beyond the mandate of this Authority and not in line with the guidelines.

As regards the point made by USAC about license fee, reference is drawn to clause 3.5.4 and 4.5.4 of Shore Handling Guidelines which states that no license fee is to be considered for upfront tariff fixation of stevedoring and shore handling operations as land is not allotted for shore handling operations as such. The Port will continue to charge the applicable wharfage on the cargo handled, storage charges for the cargos stored at the Port premises as per the prevailing Scale of Rates as per the guidelines. The position is very explicit in the guidelines in this regard.

- (d). Another point made by USAC is that the Operator who achieves 100% performance standard in previous year would be entitled for 100% WPI indexation whereas the non-performers will be eligible for only 60% indexation. Thus, different operators for the same commodity will have different tariff system in force at Port which will be confusing to customers and will be totally difficult to implement. Therefore, USAC has requested this Authority to have a common revision in tariff irrespective of performance. The point made by the USAC is not in line with clause 7.1. of the stevedoring and shore handling guidelines which stipulates that the operator who achieves performance standards, is entitled for 100% WPI indexation as against 60% WPI indexation in the rates. In any case, the rates to be approved by this Authority are ceiling rates as per clause of the guidelines. Thus, stevedoring and shore handling guidelines give flexibility to the licensed agent to charge rates lower than the rates approved by this Authority. Competition may stabilise the rates.

- (xviii). Clause 2.11. of the Stevedoring and Shore Handling Guidelines states that before commencement of the stevedoring and or the shore handling operations, the operator will approach this Authority for notification of the Scale of Rates containing the ceiling rates of the stevedoring and or the shore handling charges and performance standards as required under Section 48 of the Major Port Trust Act, 1963. As per Clause 2.3 of the Stevedoring and Shore Handling Guidelines, once the upfront tariff caps are set out for stevedoring and shore handling operations of various commodities for a port, it will be applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms and will be valid for a period of three years.

In this regard, it is relevant to state that this Authority in consultation with all the Major Port Trusts had already, with reference to regulation of rates for provision of

services by person authorised under Section 42 of the Major Port Trusts Act, 1963, decided that regulation of tariff can be done for the port as a whole without reference to individual service providers. Accordingly, this Authority had decided that ceiling tariff will be prescribed for a particular port and the port trust concerned will ensure their application to authorised service provider by making it a condition of authorisation in terms of Section 42(3) of the Major Port Trusts Act, 1963, while issuing the license. The said decision of this Authority was communicated to all the Major Ports and Ministry of Shipping (MOS) vide letter No TAMP/47/2000-MBPT dated 6 May 2002.

In view of the above position and keeping in view Clause 2.3. of the Stevedoring and Shore Handling Guidelines, the port is advised to apply the ceiling rates approved by this Authority to the authorised individual stevedoring and shore handling operator, by making it as a condition of authorization, while issuing licenses, for a period of 3 years. Thus, the port is requested to take necessary action for implementation of the upfront tariff for Stevedoring and Shore Handling operations along with Performance Standards.

- (xix). This Authority while approving upfront tariff for Stevedoring and Shore handling operations on adhoc basis vide Order No. TAMP/81/2016-COPT dated 08 February 2017 has stated that the final rates to be approved by this Authority will have prospective effect. Accordingly, the final rates approved by this Authority will come into effect prospectively after expiry of 30 days from the date of notification of the Order in the Gazette as per the general approach followed by this Authority. As stated in the interim Order dated 08 February 2017, the interim rates adopted in an adhoc basis will be recognized as such. There will not be any question of refund/recovery, if any, in case of variation between the adhoc rates and final rates as held by this Authority in the interim Order dated 8 February 2017.

14.1. In the result, and for the reasons given above and based on the collective application of mind, this Authority approves the schedule of Upfront Stevedoring and Shore Handling Charges alongwith the Performance Standards for the COPT are attached as **Annex - IV** and **V** respectively.

14.2. The approved ceiling rates is to be applied to the authorised individual stevedoring and shore handling operator, by making it as a condition of authorization, while issuing licenses, for a period of 3 years. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority. The port is advised to take necessary action for implementation of the upfront tariff for Stevedoring and Shore Handling operations along with Performance Standards.

14.3. As stipulated in Clause 2.4. of Stevedoring and Shore Handling Guidelines, the upfront tariff and performance standards notified by TAMP will be mentioned in the agreement in respect of the operator.

14.4. The indexation of upfront Stevedoring and Shore Handling Charges as provided in Clause 2.10 of the Stevedoring and Shore Handling Guidelines is to be read with Clause 7 of the Stevedoring and Shore Handling Guidelines. If the Operator does not achieve the prescribed performance standards as per **Annex-V** in previous 12 months, the operator will not be entitled for 100% WPI indexation and the operator will continue to levy the tariff with 60% indexation as prescribed in Clause 2.10 of the Stevedoring and Shore Handling Guidelines.

14.5. As stipulated in Clause 8.1. of Stevedoring and Shore Handling Guidelines, the operator shall furnish to the COPT and TAMP, annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/ shore handling operations licensed by the port. Any other information which is required by TAMP shall also be furnished to them from time to time.

14.6. As stipulated in Clause 8.2. of Stevedoring and Shore Handling Guidelines, TAMP shall publish on its website all such information received from operators and Major Port Trusts. However, TAMP shall consider a request from any operator or Major Port Trust about not publishing certain data/information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/operation of upon publication. TAMP's decision in this regard would be final.

- 14.7. (a). As stipulated in Clause 9.1. of Stevedoring and Shore Handling Guidelines, the performance norms prescribed for various commodities shall be the minimum should be achieved by the Operator. These performance norms shall be incorporated in the agreement in respect of the operator.
- (b). As stipulated in Clause 9.2. of Stevedoring and Shore Handling Guidelines, the performance actually achieved by the operator shall be monitored by both the COPT and the TAMP on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.
- 14.8. As stipulated in Clause 10 of Stevedoring and Shore Handling Guidelines, in the event any user has any grievance regarding non-achievement by the operator of the Performance Standards as notified by the TAMP, he may prefer a representation to TAMP which, thereafter, shall conduct an inquiry into the representation and give its finding to the COPT. The COPT will be bound to take necessary action on the findings as per the provisions of the contract conditions of the Agreement.

**(T.S. Balasubramanian)**  
Member (Finance)

\* \* \* \* \*

**Comparative position of the productivity norms prescribed in the Stevedoring and Shore handling guidelines vis-a-vis the parameters taken into account by the COPT to arrive at the above proposed productivity levels and reasons for**

**I. Dry Bulk Cargo**

Sl. No.	Particulars	Finished Fertilisers		Finished Fertilisers		Food Grains		Coal		Scrap		Ores & Minerals		Limestone & Other Minerals		Limestone & Other Minerals		Salt	
		Murate of Potash		Urea		Wheat		Coking Coal		Shredded Scrap		Illeminite Sand		Clinker		River Sand		Norm	Proposed by COPT
		Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT				
1	<b>Imports</b> No. of hooks per shift	3	3	3	3	3	3	4	4	3	3	3	3	3	3	3	3	4	4
2	Tonnes per hook per shift (in tonnes)	900	800	900	650	660	660	900	800	700	600	870	870	1080	950	1080	950	1000	800
3	No. of shifts	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
4	Productivity per day (1 x 2 x 3)	8100	7200	8100	5850	5940	5940	10800	9600	6300	5400	7830	7830	9720	8550	9720	8550	12000	9600
5	<b>Productivity (in tonnes per shift) (rounded off)</b>	<b>2700</b>	<b>2400</b>	<b>2700</b>	<b>1950</b>	<b>1980</b>	<b>1980</b>	<b>3600</b>	<b>3200</b>	<b>2100</b>	<b>1800</b>	<b>2610</b>	<b>2610</b>	<b>3240</b>	<b>2850</b>	<b>3240</b>	<b>2850</b>	<b>4000</b>	<b>3200</b>
6	Average productivity per hook per shift achieved by the port in past 3 years (in tonnes/ shifts/ hooks) [Based on productivity realised furnished by COPT vide letter dated 21.11.2016 for the years 2013-14 to 2015-16]	534		NIL		405		875		385		616		512		923		790	
7	Reason for deviation as explained by COPT	Productivity norms moderated considering the constraints in handling certain cargo. The moderated productivity is about 20% to 30% above the actual productivity in the past 3 years as stated by COPT.  [The proposed productivity is 49.8% above the average productivity of last 3 years] [Constraint of low vessel traffic]		The Specific Gravity of Urea (about 1.3) is considerably less than that of MOP (about 1.9), thereby reducing productivity. It is also relevant to note that there has been no handling of Urea at Cochin Port in the past 3 years 2013-14 to 2015-16.		No deviation		(a). Cochin Port handles very small volumes of Coal, that also Coking Coal, which is less productive than Thermal Coal. (b). The volumes in the past 3 years considered for computing the productivity were zero in 2013-14, 97,817 MT in 2014-15, and 88,250 MT in 2015-16. (c). Even though the average productivity in the 3 years amounts to 875 MT per hook shift, the norm of 800 MT was adopted due to the significant variation in productivity between the 2 years at 771 and 979 when Coal was handled.		Productivity norms moderated considering the constraints handling the cargo. The moderated productivity is about 20% to 30% above the actual productivity in the past 3 years as stated by COPT.  [The productivity proposed is 55% higher than the average productivity achieved by the port in last 3 years.] [Constraint of low vessel traffic]		No deviation		Productivity norms moderated considering the constraints in handling. The moderated productivity is about 20% to 30% above the actual productivity in the past 3 years as stated by COPT.  [The productivity proposed is 3% above the average productivity achieved in the last 3 years] [Constraint of low vessel traffic]		The average productivity of Salt in the past 3 years is 789 MT which is below the proposed productivity level at 800 MT/ shift/ hook.			

**Annex - I (b)**

**Comparative position of the productivity norms prescribed in the Stevedoring and Shore handling guidelines vis-a-vis the parameters taken into account by the COPT to arrive at the above proposed productivity levels and reasons for deviation from the prescribed norms.**

**II. Break Bulk Cargo**

Sl. No.	Particulars	Bagged Cargo		Jumbo Bags		Iron & Steel-coils		Iron & steel, pipes, plates		Iron & steel, pipes, plates		Timber Logs	
		Cashew & Cement		Soda Ash, Cement		Steel coils		Steel Bar		Steel Plates			
		Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT	Norm	Proposed by COPT
1	Average no. of hooks per shift	2.5	2	2.5	2	2.5	2	2.5	2.5	2.5	2.5	2.5	2
2	Tonnes per hook per shift (in tonnes)	300	100	560	400	1360	500	280	330	280	280	480	350
3	No. of shifts	3	3	3	3	3	3	3	3	3	3	3	3
4	Productivity per day (1 x 2 x 3)	2250	600	4200	2400	10200	3000	2100	2475	2100	2100	3600	2100
5	<b>Productivity per shift (rounded off)</b>	<b>750</b>	<b>200</b>	<b>1400</b>	<b>800</b>	<b>3400</b>	<b>1000</b>	<b>700</b>	<b>825</b>	<b>700</b>	<b>700</b>	<b>1200</b>	<b>700</b>
6	Average productivity per hook per shift achieved by the port in past 3 years (in tonnes/shifts/ hooks) [Based on productivity realised furnished by COPT vide letter dated 21.11.2016 for the years 2013-14 to 2015-16]	NIL		NIL		224		NIL		330		340	
7	Reason for deviation as explained by COPT	<p>Cochin Port has not handled Bagged Cargo in the past five years. However, Ceiling Tariff is proposed for Bagged Cargo in case such cargo is handled in the future. The productivity achieved in this cargo when it was last handled about 8 years back was only 80-100 MT per hook per shift, and the productivity norms have been fixed accordingly. The port labour when deployed for handling Bagged Cargo, used to handle only 1,600-2,000 bags of 50 kg each per hook per shift, which is 80-100 MT. The productivity was never above this, and is one of the reasons for Bagged Cargo not being handled at Cochin Port, presently. The situation is unlikely to change in the future.</p>		<p>Productivity norms moderated considering the constraints in handling the cargo. The moderated productivity is about 20% to 30% above the actual productivity in the past 3 years.</p> <p>[The proposed productivity is 123% above the average productivity achieved by the port in the year 2014-15]</p>				No deviation		<p>Productivity norms moderated considering the constraints in handling the cargo. The moderated productivity is about 20% to 30% above the actual productivity in the past 3 years.</p> <p>[The proposed productivity is 3% above the average productivity achieved by the port in past 3 years.]</p>			

## Calculation for upfront tariff for Stevedoring operations at COPT as furnished by COPT and considered by TAMP

(in Rs.)

**A. Dry Bulk cargo**

Sr. No	Cargo Group	Commodity	Productivity Standards considered per shift (in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin/ Shift	Per tonne rate (in Rs.)
				Equipment Hire Cost/ Shift	On board Labour charges/ Shift	Total Equipment hire cost & Labour Cost/ Shift	Operational overheads @ 20%	Administrative overheads @ 20%	Total Cost/ Shift			
1	Finished Fertilisers	Murate of Potash	2400	112500	40409	152909	30582	30582	214073	42815	256888	<b>107.00</b>
2		Urea	1950	99000	40409	139409	27882	27882	195173	39035	234208	<b>120.00</b>
3	Food Grain	Wheat	1980	99900	40409	140309	28062	28062	196433	39287	235720	<b>119.00</b>
4	Coal	Coking Coal	3200	150000	24535	174535	34907	34907	244349	48870	293219	<b>92.00</b>
5	Scrap	Shredded Scrap	1800	94500	40409	134909	26982	26982	188873	37775	226648	<b>126.00</b>
6	Ores & Minerals	Ilmenite Sand	2610	118800	40409	159209	31842	31842	222893	44579	267472	<b>102.00</b>
7	Limestone & other bulk	Clinker	2850	126000	40409	166409	33282	33282	232973	46595	279568	<b>98.00</b>
8		River Sand	2850	126000	40409	166409	33282	33282	232973	46595	279568	<b>98.00</b>
9	Salt	Salt	3200	150000	54969	204969	40994	40994	286957	57391	344348	<b>108.00</b>

**B. Break Bulk cargo**

(in Rs.)

Sr. No	Cargo Group	Commodity	Productivity Standards considered per shift (in tonnes)	Operating Cost						Margin @ 20%	Total Cost including margin/ Shift	Per tonne rate (in Rs.)
				Equipment Hire Cost/ Shift	On board Labour charges/ Shift	Total Equipment hire cost & Labour Cost/ Shift	Operational overheads @ 20%	Administrative overheads @ 20%	Total Cost/ Shift			
1	Bagged Cargo	Cashew	200	0	68361	68361	13672	13672	95705	19141	114846	<b>574</b>
2		Cement	200	0	68361	68361	13672	13672	95705	19141	114846	<b>574</b>
3	Jumbo Bags	Soda Ash,	800	12000	46065	58065	11613	11613	81291	16258	97549	<b>122</b>
4	Iron & Steel-coil	Steel Coil	1000	40000	46065	86065	17213	17213	120491	24098	144589	<b>145</b>
5	Iron & Steel-pipes, plates	Steel Bar	825	40000	56558	96558	19312	19312	135182	27036	162218	<b>197</b>
6		Steel Plate	700	40000	56558	96558	19312	19312	135182	27036	162218	<b>232</b>
7	Timber logs	Logs	700	35000	27484	62484	12497	12497	87478	17496	104974	<b>150</b>

## Annex - III (a)

Statement of calculation to arrive at the upfront Shorehandling Tariff at COPT as furnished by COPT and considered by TAMP

**Dry Bulk cargo**

Sr. No	Cargo Group	Commodity	Productivity norms considered per shift	Operating Cost					Margin @ 20%	Total Cost including margin	Per tonne rate (in Rs.)	
				Equipment Hire Cost	Labour cost @ 5% of the Equipment Hire cost	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheads @ 20%				Total Cost
<b>Method 5 [ Cargo unloaded onto wharf(without hopper), loaded onto trucks &amp; transported to storage yard within 1 km ]</b>												
1	Coal	Coking Coal	3200	247500	12375	259875	51975	51975	363825	72765	436590	<b>136</b>
2	Scrap	Shredded Scrap	1800	336250	16813	353063	70613	70613	494289	98858	593147	<b>330</b>
3	Limestone & other bulk	River Sand	2850	247500	12375	259875	51975	51975	363825	72765	436590	<b>153</b>
<b>Method 3 [ Cargo unloaded onto truck through hopper and moved to storage yard beyond 1 km ]</b>												
1	Finished Fertilisers	Murate of Potash	2400	209000	10450	219450	43890	43890	307230	61446	368676	<b>154</b>
2		Urea	1950	203000	10150	213150	42630	42630	298410	59682	358092	<b>184</b>
3	Food Grain	Wheat	1980	203400	10170	213570	42714	42714	298998	59800	358798	<b>181</b>
4	Ores & Minerals	Ilmenite Sand	2610	211800	10590	222390	44478	44478	311346	62269	373615	<b>143</b>
5	Limestone & other bulk	Clinker	2850	279500	13975	293475	58695	58695	410865	82173	493038	<b>173</b>
<b>Method 3 [ Cargo unloaded onto truck through hopper and moved to storage yard within 1 km ]</b>												
1	Coal	Coking Coal	3200	198500	9925	208425	41685	41685	291795	58359	350154	<b>109</b>
2	Limestone & other bulk	River Sand	2850	204500	10225	214725	42945	42945	300615	60123	360738	<b>127</b>
3	Salt	Salt	3200	236000	11800	247800	49560	49560	346920	69384	416304	<b>130</b>

## Statement of calculation to arrive at the upfront Shorehandling Tariff at COPT as furnished by COPT and considered by TAMP

**Break Bulk cargo**

Sr. No	Cargo Group	Commodity	Productivity norms considered per shift	Operating Cost					Margin @ 20%	Total Cost including margin	Per tonne rate (in Rs.)	
				Equipment Hire Cost	Labour cost @ 10% of the Equipment Hire cost	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheads @ 20%				Total Cost
<b>Method 3 [ Cargo unloaded onto truck and moved to storage yard within port premises ]</b>												
1	Bagged Cargo	Cashew	200	30000	3000	33000	6600	6600	46200	9240	55440	<b>277</b>
2		Cement	200	30000	3000	33000	6600	6600	46200	9240	55440	<b>277</b>
3	Jumbo Bags	Soda Ash, Cement etc.	800	54500	5450	59950	11990	11990	83930	16786	100716	<b>126</b>
4	Iron & Steel-coil	Steel Coil	1000	92500	9250	101750	20350	20350	142450	28490	170940	<b>171</b>
5	Iron & Steel-pipes, plates	Steel Bar	825	71500	7150	78650	15730	15730	110110	22022	132132	<b>160</b>
6		Steel Plate	700	71500	7150	78650	15730	15730	110110	22022	132132	<b>189</b>
<b>Method 4 [ Cargo unloaded onto wharf, loaded onto trucks and moved to storage yard within port premises and vice versa ]</b>												
1	Timber logs	Logs	700	147000	14700	161700	32340	32340	226380	45276	271656	<b>388</b>
<b>Method 1 [ Cargo unloaded onto trucks for direct delivery to consignees premises or vice versa ]</b>												
1	Bagged Cargo	Cashew	200	0	3000	3000	600	600	4200	840	5040	<b>25</b>
2		Cement	200	0	3000	3000	600	600	4200	840	5040	<b>25</b>
3	Jumbo Bags	Soda Ash, Cement etc.	800	0	5450	5450	1090	1090	7630	1526	9156	<b>11</b>
4	Iron & Steel-coil	Steel Coil	1000	0	9250	9250	1850	1850	12950	2590	15540	<b>16</b>
5	Iron & Steel-pipes, plates	Steel Bar	825	0	7150	7150	1430	1430	10010	2002	12012	<b>15</b>
6		Steel Plate	700	0	7150	7150	1430	1430	10010	2002	12012	<b>17</b>

**COCHIN PORT TRUST  
UPFRONT TARIFF FOR STEVEDORING AND SHORE HANDLING SERVICES**

**Definitions and General conditions**

**(I). Definitions:**

- (i). 'Stevedore' is an authorized agent for loading and unloading and anchorage of cargo in any form on board the vessels in ports and to whom the licence has been given under regulations.
- (ii). 'Shore handling agent' is an authorized agent for arranging the receiving the cargo to/ from the hook point, intermodal transport from wharf to stock yard and vice-versa and also receiving and delivering of cargo from/ to wagons/ trucks.
- (iii). "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 licence issued by the Directorate General of Shipping/ Competent Authority.
- (iv). "Foreign-going vessel" shall mean any vessel other than coastal vessel.
- (v). 'Stevedoring' includes loading and unloading and stowage of cargo in any form on board the vessels in Port.
- (vi). "Day" shall mean the period of 24 hours starting from 7.00 a.m. of a day and ending at 7.00 a.m. on the following day.
- (vii). 'Shore handling' includes arranging and receiving the cargo to/from the hook point, inter modal transport from wharf to stack yard and vice-versa and also receiving and delivering of cargo from/to wagons /trucks.
- (viii). "Shift" shall mean the duration of 8 hours comprising of 3 shifts in a day.

**(II). General 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 classifying into 'coastal' or 'foreign-going' category 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). System of classification of vessel for levy of Vessel Related Charges (VRC)
  - (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. Such vessel that converts into coastal run based on the Customs Conversion Order at her first port of call in Indian Port, no further custom conversion is required, so long as it moves on the Indian Coast.
  - (b). A Foreign going vessel of foreign flag can convert to coastal run on the basis of a Licence for Specified Period or voyage issued by the Director General of Shipping and a custom conversion order.
- (iii). Criteria for levy of Vessel Related Charges (VRC) at Concessional Coastal rate and foreign rate
  - (a). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

- (b). In cases of such conversion coastal rates shall be chargeable till the vessel completes discharging operations at the last call of Indian Port; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.
  - (c). 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.
- (iv). Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate
- (a). Foreign going Indian Vessel having General Trading License issued for 'worldwide and coastal' operation should be accorded applicable coastal rates with respect to Handling Charges (HC) i.e. ship to shore transfer and transfer from/ to quay to/ from storage yard including wharfage in the following scenario:
    - (i). Converted to coastal run and carrying coastal cargo from any Indian Port and destined for any other Indian Port.
    - (ii). Not converted\* to coastal run but carrying coastal cargo from any Indian Port and destined for any other Indian Port.

\* The Central Board of Excise and Customs Circular no.15/2002-Cus. dated 25 February 2002 allows carriage of coastal cargo from one Indian port to another port in India, in Indian flag foreign going vessels without any custom conversion.
  - (b). In case of a Foreign flag vessel converted to coastal run on the basis of a Licence for Specified Period or voyage issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container.
- (v). This tariff is not applicable for BOT/ BOOT operators or any other arrangement for private sector participation who are governed by the Tariff Guidelines of 2005, 2008 and 2013.
- (vi). This tariff is applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms.
- (vii). (a). The tariff notified is ceiling level.
- (b). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The authorized agent may, if he so desires, charge lower rates and/or allow higher rebates and discounts.
- (c). The authorized licensed agent may also, if he so desire rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the users in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.
- (d). The authorized agent should, however, 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.
- (viii). The authorized license agent shall charge only for services provided by him. No notional booking of labour and other similar notional charges would be permitted.

- (ix). If any new cargo is to be handled which is not notified/ not included in the list, then the port may categorise that cargo under any one of the cargo category based on the nature, physical characteristics and the method of handling that cargo.
- (x). Services for other miscellaneous activities and also the handling charges for specific cargoes when Port takes custody of cargo as per Section 42 of MPT Act shall continue to be levied by Port as per TAMP notified SOR.
- (xi). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.50 shall be taken as 0.50 unit and fractions of 0.50 and above shall be treated as one unit, except where otherwise specified.
- (xii). Users will not be required to pay charges for delays beyond reasonable level attributable to the terminal operator.
- (xiii). The Performance Standards will be reviewed every quarter during the first year until target norms for commodity are reached as prescribed in clause 7.2. of the Berthing Policy or any other guidelines of the Ministry of Shipping / Competent Authority as may be applicable from time to time.
- (xiv). As per coastal policy direction issued by the MOS and notified by this Authority vide Order No.TAMP/4/2004-Genl. dated 7 January 2005 and 15 March 2005.
  - (a). 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 corresponding charges for normal cargo/container related charges.
  - (b). 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.
  - (c). In case of container related charges, the concession is applicable on composite box rate. Where itemised charges are levied, the concession will be on all the relevant charges for ship shore transfer and transfer from/to quay to/from storage yard as well as wharfage on cargo and containers.
- (xv). The tariff for shore handling operations are prescribed under the following four methods:

Method	Dry Bulk Cargo	Break Bulk Cargo
Method 1	N.A	Cargo unloaded onto trucks for direct delivery to consignees premises or vice versa
Method 3	Cargo unloaded onto truck through hopper and moved to storage yard within 1 km and beyond 1 km.	Cargo unloaded onto truck and moved to storage yard within port premises
Method 4	N.A	Cargo unloaded onto wharf, loaded onto trucks and moved to storage yard within port premises and vice versa
Method 5	Cargo unloaded onto wharf(without hopper), loaded onto trucks & transported to storage yard within 1 km	N.A

**(III). Tariff Schedule**

**1. Dry Bulk Cargo operations**

Sl. No.	Group	Commodity	Norms per shift (in MT)	Rate per M.T. in ₹							
				Upfront tariff for Stevedoring Operations	Upfront tariff for Shore Handling Operations			Upfront Tariff (Stevedoring + Shore Handling Operations)			
					Using Ship Cranes	Cargo unloaded onto wharf (without hopper), loaded onto trucks & transported to storage yard within 1 km (Method 5 in Annex-IX of Guidelines)	Cargo unloaded onto truck through hopper and moved to storage yard (Method 3 in Annex-IX of Guidelines)				
	Beyond 1 Km	Within 1 Km									
I	Dry bulk cargo								Method-5	Method-3	
A	Import								Within 1 Km	Beyond 1 Km	Within 1 Km
1	Finished Fertiliser	Murate of Potash	2400	107.00	--	154.00	--	--	--	261.00	--
		Urea	1950	120.00	--	184.00	--	--	--	304.00	--
2	Food Grain	Wheat	1980	119.00	--	181.00	--	--	--	300.00	--
3	Coal	Coking Coal	3200	92.00	136.00	--	109.00	228.00	--	--	201.00
4	Scrap	Shredded Scrap	1800	126.00	330.00	--	--	456.00	--	--	--
5	Ores & Minerals	Ilmenite Sand	2610	102.00	--	143.00	--	--	--	245.00	--
6	Limestone & other bulk	Clinker	2850	98.00	--	173.00	--	--	--	271.00	--
		River Sand	2850	98.00	153.00	--	127.00	251.00	--	--	225.00
7	Salt	Salt	3200	108.00	--	--	130.00	--	--	--	238.00

## 2. Break Bulk Cargo operations

Sl. No.	Group	Commodity	Norms per shift (in MT)	Rate per M.T. in ₹ (Except project cargo)							
				Upfront tariff for Stevedoring Operations	Upfront tariff for Shore Handling Operations			Upfront Tariff (Stevedoring + Shore handling operations)			
					Using Ship Cranes	Cargo unloaded onto truck and moved to storage yard within port premises (Method 3 in Annex-X of Guidelines)	Cargo unloaded onto wharf, loaded onto trucks and moved to storage yard within port premises and vice versa (Method 4 in Annex-X of Guidelines)				Cargo unloaded onto trucks for direct delivery to consignees premises or vice versa (Method 1 in Annex-X of Guidelines)
II	Break Bulk Cargo								Method-3	Method-4	Method-1
A	Import										
1	Bagged Cargo	Cashew	200	574.00	277.00	--	25.00	851.00	--	--	599.00
		Cement	200	574.00	277.00	--	25.00	851.00	--	--	599.00
2	Jumbo Bags	Soda Ash, Cement etc.	800	122.00	126.00	--	11.00	248.00	--	--	133.00
3	Iron & Steel-coil	Steel Coil	1000	145.00	171.00	--	16.00	316.00	--	--	161.00
	Group	Commodity		Rate per M.T. in ₹ (Except project cargo)							

Sl. No.			Norms per shift (in MT)	Upfront tariff for Stevedoring Operations	Upfront tariff for Shore Handling Operations			Upfront Tariff (Stevedoring + Shore handling operations)		
				Using Ship Cranes	Cargo unloaded onto truck and moved to storage yard within port premises (Method 3 in Annex-X of Guidelines)	Cargo unloaded onto wharf, loaded onto trucks and moved to storage yard within port premises and vice versa (Method 4 in Annex-X of Guidelines)	Cargo unloaded onto trucks for direct delivery to consignees premises or vice versa (Method 1 in Annex-X of Guidelines)			
II	Break Bulk Cargo							Method-3	Method-4	Method-1
A	Import									
4	Iron & Steel-pipes, plates	Steel Bar	825	197.00	160.00	--	15.00	357.00	--	212.00
		Steel Plate	700	232.00	189.00	--	17.00	421.00	--	249.00
5	Timber logs	Logs	700	150.00	--	388.00	--	--	538.00	--
6	Project Cargo- Ceiling tariff per shift									50000.00 Per shift

**Notes:**

- (i). Wharfage, storage charges, and other miscellaneous charges shall continue to be levied by the port as per the prevailing Scale of Rates.
- (ii). The performance standards and tariff for Dry Bulk Cargo and Break Bulk Cargo for Stevedoring operations are considered only by using Ship Cranes. In case, HMC is used, hire charges as prescribed in the prevailing Scale of Rates of COPT will be levied separately.
- (iii). The above charges do not include the cost for deployment of additional equipment / labour or port related services like bagging, etc. which the stevedores may render at the request of the users.
- (iv).
  - (a). From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Normative Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in notes (b) and (c) below.
  - (b). The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into effect from 1<sup>st</sup> April of the relevant year to 31<sup>st</sup> March of the following year.
  - (c). The operator, however, is entitled to 100% WPI indexation instead of 60% WPI indexation, from the second year of operation on achievement of performance standards as prescribed in the Berthing Policy vide letter No.PD-11033/73/2013-PT(pt) dated 16 June 2016 for dry bulk cargo as stipulated in clause 7.1. of the guidelines issued by the Ministry of Shipping for fixation of upfront tariff for stevedoring and shore handling operations. For break bulk cargo, the Performance Standards as notified along with the Scale of Rates will be applicable.
  - (d). For this purpose, the Operator shall approach the concerned Major Port Trust within 30 days of completion of financial year of operation along with details of cargo wise average Performance standard achieved for each cargo for both stevedoring and shore handling operations.

- (e). The Major Port Trust shall ascertain the achievement of performance standards claimed to have been achieved by the operator by engaging Consultant if required in one month's time.
- (f). The Licensed Agent can apply 100% indexation instead of 60%, on written confirmation by the Port to the Licensed Agent that it has achieved the Performance standards notified along with the upfront tariff.
- (g). In the event the Port confirms that the Licensed Agent has not achieved the Performance Standards as notified by TAMP in previous 12 months, Licensed Agent will not be entitled for 100% WPI indexation. The Licensed Agent will continue to levy the tariff with 60% indexation as prescribed at clause 2.10 of Upfront tariff guidelines for stevedoring and shore handling operations of 2016.
- (v). If any question arises requiring clarification or interpretation of the Scale of Rates and Statement of conditions of the operator, the matter shall be referred to TAMP and decision of TAMP in this regard will be binding on the operator.
- (vi).
  - (a). All the operators shall furnish to the Major Port Trust and TAMP annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/shore handling operations licensed by the port. Any other information which may be required by TAMP shall also be furnished to them from time to time.
  - (b). TAMP shall publish on its website all such information received from operators and Major Port Trusts. However, TAMP shall consider a request from any operator or Major Port Trust about not publishing certain data/information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/operation of upon publication. TAMP's decision in this regard would be final.
- (vii).
  - (a). The performance norms prescribed for various commodities shall be the minimum that should be achieved by the operator. These performance norms shall be incorporated in the arrangement in respect of the operator.
  - (b). The performance actually achieved by the operator shall be monitored by both the Port and the TAMP on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.
- (viii). In the event any user has any grievance regarding non-achievement by the Licensed Agent of the Performance Standards prescribed above, he may prefer a representation to TAMP which, thereafter, shall conduct an inquiry into the representation and give its finding to the Port. The Port will be bound to take necessary action on the findings as per the provisions of the contract conditions of the Agreement.

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## Performance Standards

## A. For Dry Bulk Cargo:

Sl. No.	Cargo	Ship Berth Day Output (MT)
1.	Murate of Potash	9000
2.	Urea	7500
3.	Wheat	6000
4.	Coking Coal	12000
5.	Shredded Scrap	5400
6.	Ilmenite Sand	9720
7.	Clinker	9720
8.	River Sand	9720
9.	Salt	12000

## B. For Break Bulk Cargo:

Sl. No.	Group	Commodity	Ship Berth Day Output (MT)
1.	Bagged Cargo	Cashew	600
		Cement	600
2.	Jumbo Bags	Soda Ash, Cement etc.	2400
3.	Iron and Steel Coil	Steel Coil	3000
4.	Iron and Steel –Pipes and plates	Steel Bar	2475
		Steel Plate	2100
5.	Timber Logs- Hard	Logs	2100
6.	Project Cargo	Project Cargo	Productivity to be considered by the port can be based on the best productivity achieved by the port in handling such cargo.

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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**

<b>TAMP/81/2016-COPT</b>	<b>:</b>	<b>Proposal received from Cochin Port Trust (COPT) for determination of Upfront tariff for Stevedoring and Shore Handling operations at COPT under the new Stevedoring and Shore handling Policy, 2016.</b>
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The summary of comments received from the Cochin Port Trust (COPT) and the users / user associations is tabulated below:

Sl. No.	Comments of the users / user organisations	Reply furnished by COPT
<b>1.</b>	<b>Cochin Steamer Agents Association (CSAA)</b>	
(i).	Proposed upfront Tariff and the discharges rates are very high. If the proposal is implemented, this will only drive away whatever little Bulk and Break-bulk Cargo currently handled at Cochin Port. The proposal should not be considered for the well being of Cochin Port, the trade and Industry of Kerala	The proposed upfront tariff is based on normative productivity considered along with specific constrains at Cochin Port. The normative productivity levels help in arriving at a ceiling tariff which is not unduly high, which could be the case in a low-productivity scenario. Also, the upfront tariff is a ceiling rate and the actual tariff for the customers will be determined by competition among the stevedores. Rather than driving away cargo, transparency on the ceiling rates and competition among the stevedores can in fact, attract cargo.
(ii).	Cochin Port in their proposal has confirmed that the proposed cargo discharge rate need to be attained with the support of Ships Crane only as Port does not have any infrastructural facility to support the cargo handling. Port has also highlighted that man power for discharge operations is supplied by COPT and at the same time the labour cost is covered in the VRC. Whereas permission is granted to involve private labours of stevedores which is contrary to the claim of absorbing labour cost by port. In such cases, the charges / tariff requested by Cochin Port for stevedoring costs does not tally with the actual cost incurred to handle cargo at port. The only cost involved by stevedores is to engage supervisors, provide equipments to handle cargo and as such the charges shown in the tariff is much higher than actual cost involved.	Considering the unique situation at Cochin Port that the Port does not recover any levy and incentives for the Port labour from the stevedores and that such charges are factored in Wharfage, the wages of Port labour are not included in the labour cost while computing the upfront tariff. However, labour cost is used as a base for computing the 20% overheads on the operating cost. The labour cost for shore handling operations is arrived at based on the Guidelines as a percentage of the equipment cost considering that private labour are employed in shore handling operations.
(iii).	Cochin Port in their proposal has confirmed that the proposed Stevedoring rate was computed based on cargo discharge using Ships Crane, however our members have indicated that there are enough instances when the Stevedores have used the Port's 40 Tons HMC for cargo discharge and hire charges of this equipment is payable to stevedores by carriers./shipping lines. Therefore, actually the increased tariff will make port unviable for usage by the shipping lines.	The upfront tariff has been arrived at for handling of cargo by Ship cranes. However, if the ship requires the service of the 40 T HMC due to absence or breakdown of ship cranes, such charges need to be separately paid.
(iv).		
(a).	Number of Bulk and Break bulk vessels calling at Cochin is very minimum and as per the feedback from our members, the main reason for such a situation is the High Vessel related charges prevailing at Cochin Port which is almost double	The VRC at Cochin Port is also a ceiling tariff like the upfront tariff for stevedoring and shore handling. Cochin Port is open to allowing rebates in VRC against committed volumes of cargo. It is also noteworthy that despite Cochin Port

	<p>that of Chennai / Tuticorin and Mangalore ports. Hence, it is our members request that existing pattern of Bulk / Break Bulk cargo handling and the Stevedoring Cost at Cochin Port should be maintained in as and where is condition till such time Cochin Port is better equipped with all supporting Infrastructural facility like Shore Handling Equipment/ sufficient cargo worthy Warehousing facility and man power with specified cargo handling datum levels to meet the proposed discharged rate. For eg, to handle steel plates at Chennai, the stevedoring rate is about ₹ 200/- per ton where as in Cochin the new tariff shown as ₹. 257/- per ton. These cargo items are in huge volumes and the total costs would reach to huge amount. Same time, there is no proper equipments available in Cochin port and that will add on to additional costs. Also, the vessel handling charges at Cochin is port is just double than Chennai or Tuticorin and that also makes us unviable for operating thru Cochin port.</p>	<p>commissioning the 40 T HMC in 2012, the profile of Break Bulk cargo at the Port did not undergo any perceptible change. Therefore, Cochin Port can incentivise any cargo against the assurance of reasonable returns.</p>
(v).	<p>Our Members have expressed that any proposal by Cochin Port which will ultimately impact the existing cargo handling Cost will be used by the cargo receiver / consignee to nominate their cargo parcel to neighbouring low cost ports as it is to the interested receiver / consignee to maintain the cargo handling cost at minimum.</p>	<p>As stated earlier in answer to point no. (i)., upfront tariff has been arrived at based on certain normative productivity which is higher than the present levels of productivity which ensures that the upfront tariff is not unduly high. The interest of the customers is essentially protected by a transparent ceiling tariff and competition among the stevedores.</p>
2.	<p><b>The United Stevedores' Association of Cochin Pvt. Ltd. (USAC)</b></p>	
(i).		
(a).	<p>The proposal submitted by Cochin Port itself says the dry &amp; break-bulk volume handled at Cochin Port during the year 2015-16 were 7% which amounts to 5.52 lakh MT. The proposal further states that 66% of this output covers either Cement or Fertiliser which were handled through mechanical systems and conveyors and no stevedoring operation were involved. In short only 2.21 lakh MT dry &amp; break bulk cargo (that is mere 2.8% of throughput) in FY 2015-16 were handled by stevedores. It is also to note that, in the present scenario, Cochin Port is not having continuous bulk &amp; break bulk vessels, hence berth occupancy rate is very minimal for dry &amp; break bulk vessels. Hence we are of the view that imposing of upfront tariff and discharge norms would hamper the minimal volume of cargo that is routing through this Port.</p>	<p>The figures quoted on the volume of cargo stevedored at the Port are wrong and the Port had 5.52 lakh MT of cargo stevedored in 2015-16. It is not the case that implementation of the Stevedoring and Shore handling Policy requires a certain threshold volume of cargo as there is adequate scope in implementing the policy at Cochin Port. Besides, the upfront tariff brings in transparency in Port charges, which along with competition among stevedores can attract more cargo to the Port.</p>
(b).	<p>This proposal will be meaningful for implementation for ports with continuous vessel calls and those Ports with vessels waiting at anchorage for discharge operations due to bunching of vessels at Port. Attached Annexure 1 related with Cargo Traffic at Cochin Port for Past 5 years and Annexure II related with cargo wise vessels berthed at Cochin Port for last 10 years and Annexure III related with Performance Indicator of Cochin Port for the past 10 years. It is</p>	

	<p>evident from the statistics that the dry and break bulk vessel traffic is very low at Cochin Port over last couple of years due to various factors. It is also to note that there were only 19 bulk vessels (average parcel size 25,777MT) &amp; 41 break bulk vessels (average parcel size 1379 MT) were handled through this Port in the FY 2015-16. This indicate more than one third of the year berths were free with no vessels. In such a situation, we fear that the upfront tariff fixation as well as notifying performance standards will further deteriorate the minimum ongoing traffic of dry and break bulk cargo through this Port. Hence we are of the view that in the present business climate prevailed at Cochin, it is too early to implement this proposal which will be meaningful and apt for a Port of high traffic of dry and break bulk cargoes. Hence we request this Authority not to implement this proposal per se.</p>	
(ii).	<p>Proposal has not mentioned anything regarding revenue share/ license fee/ royalty payable to Cochin Port by Operator. Though the upfront tariff is going to be notified by TAMP, importers may reluctant to pay charges as per notified tariff, mostly existing rate may prevail in the market. In short, post implementation of Proposal, the operators may need to pay the revenue share/ license fee/ royalty to Port from their minimal margin. Hence it is imperative to notify revenue share/ license fee/ royalty payable to Port by operator post implementation of proposal. In the event, no charges were explicitly mentioned, it will be difficult for the operator to collect from customer this additional amount over existing rate on revenue share/ license fee/ royalty to Port. Therefore we request this Authority to notify the revenue share/ license fee/ royalty to Port explicitly in the final notification.</p>	<p>It is amply clear from the current Guidelines on Stevedoring and Shore handling as well as the earlier TAMP Guidelines on tariff fixation that royalty or revenue share cannot be quoted as a cost by the operator. Also, TAMP has allowed 20% return for the Stevedoring and Shore handling operations against the conventional ROCE of 16% elsewhere. Further, royalty is to be decided by the concerned Port Trust, and TAMP has issued guidelines to the effect that such royalty should not exceed 50% of the allowable margin of 20%. Therefore, the concern of the stevedores on reduction of their current margins due to payment of royalty is unfounded especially when the upfront tariff allows 20% operational overheads, 20% administrative overheads and 20% profit. Evidently, there is no need to notify the royalty in advance along with the upfront tariff.</p>
(iii).	<p>The ship berth day output of many cargoes mentioned in the proposal were found more than 50% of what currently achieved at Cochin Port. Setting unrealistic target will result in stevedores abstaining from bidding public sector tenders because such companies are forced to follow notified discharge rates as the basis for tender for stevedoring / shore handling operations. The Performance Standard given in the proposal needs re-look and to be aligned with what stevedores are currently achieving at Port. For example the proposal itself mentioned average per hook per shift discharge rate for MOP during year 2015-16 was 524 MT that works out to 6288 MT per day discharge by working all four hooks in all three shifts in a day. But the performance standard set as per proposal was 9000MT which is almost 50% more than what stevedore currently achieved at Port. With limited infrastructure at Port, achieving the target performance in the proposal is not possible hence needs to be realistic with what is currently achieved at Port. Therefore, we request this Authority to have the</p>	<p>The productivity parameters are normative in nature which is intended to improve the performance standards. Also, the norms are used to derive the upfront tariff for a specified type of operation. It is not the case that the productivity norms are mandatorily to be achieved by the operator in every case even though consistent non performance can be questioned by the Port. The major purpose for specifying the productivity norms is for the application of performance linked tariff.</p>

	performance standard at par with existing productivity and not to allow for fixing unrealistic higher productivity which is almost 50% more than the current productivity.	
(iv).	Proposal Point 3.2 (4) (c) says the Operator who achieved 100% performance standard on previous year is entitled for 100% WPI indexation while the non-performers will be eligible for only 60%. This means the performed Operator is eligible to get higher rate during second year whereas the under performer will be more competitive by rates due to increase of only 60% of WPI. In short, there will be total confusion in tariff in second year since different agents will have different tariff rates as per their performance standards. In short, different operators for the same commodity will have different tariff system in force at Port which will be confusing to customers and will be totally difficult to implement. Therefore, we request this Authority to have a common revision in tariff irrespective of performance because importers have all liberty to choose the operators of their choice.	The purpose of differential indexation of 100% and 60% of WPI for performers and non performers is for rewarding performance. It is not the case that all operators are charging the same ceiling tariff or even the operator who has achieved the performance standards will immediately apply to TAMP for 100% indexation. Competition will ensure that efficient operators who are cost effective will operate below the ceiling tariff.
(v).	The discharge rate from vessel depends on many parameters such as type of berth, berth distance from storage shed, intermediate access control restrictions at wharf, traffic on road between berth and storage shed, availability of shore crane on berth, restrictions in operations due to adjacent vessels such as occupancy of neighbour cruise vessel, defence vessel etc, cargo evacuation speed, availability of shore labour pool to bag volume quantities and deliver cargo, availability of trucks to evacuate cargo from Port, availability rail sidings, availability of labour pool for loading of wagons within free time, access of rail head, storage shed availability in Port etc..... In short it is a vicious circle of supply chain and all components in the supply chain are critical to work cohesively to get the optimum evacuation of cargo from Port ultimately to get the prescribed standard of discharge from vessel. Unfortunately, at Cochin Port there are many infrastructure bottlenecks such as availability of labour, engagement of private labour for dry bulk operation, restrictions to use only Headload Board labourers regulated by Government of Kerala, lack of labour for loading wagons in free time, Old storage sheds with limited access to vehicles and height constraints at godowns, traffic and access restrictions to wharf as well as between berth and storage sheds and so on. Hence we are of the view that mere fixing performance standards would not help either the Operator or Port to get the required productivity without addressing the cargo evacuation issues from Cochin Port. Therefore, we request this Authority it is too early to enforce the Performance Standard on Operator with the limited infrastructure at Cochin Port.	No comments furnished by the Port.
(vi).	Proposed Tariff mentioned in the Proposal are Stevedoring -that is unloading of cargo from	The Guidelines clearly specify the activity considered for fixing the upfront tariff. All the

	<p>vessel and Shore Handling - that is receiving cargo at hook point and shifting to storage yard and dumping. Similarly for break-bulk cargoes such as pipes, steel plates, machineries etc. on the receiving cargo at hook, same is shifted to storage yard and grounded which is only covered in the proposal. Normally both this operations involve many allied activities such as vessel Hatch top handling, grounding of pontoons, cutting and removing lashings and related onboard hot works, temporary landing of deck cargo to remove cargo from holds, onboard cargo re-arrangements, prepare necessary gears and fixing for discharge operations, over heaping of cargo at godowns, bagging, stitching and stacking operation, inter-carting of bagged cargo from godown to rail siding, loading on to wagons, loading of bagged as well as bulk cargo to tucks, godown maintenance etc. These activities need to be explicitly mentioned in the proposal that such allied activities were not covered in the tariff, else we fear it may attract dispute with Port Users. Therefore, we request this Authority to notify the activities that are excluded from the scope of proposal in detail to avoid any future disputes with Port Users.</p>	<p>services which are outside the activities listed do not come under the upfront tariff, and therefore, can be charged separately. It is also to be noted that in cases where the operations are not standardised as in the case of Project Cargo, there is only as per shift ceiling tariff.</p>
(vii).	<p>By notifying the rate as well as performance standards, the importer have all chance to enter in to fresh charter party with higher notified discharge rate at Cochin Port. In the case of delays in vessel discharge operation beyond the control of stevedores such as vessel shifting, Port restrictions due to adjacent cruise vessel operation, non-availability of required on-board gangs, harthal, restriction in cargo shifting due to VIP movement etc. there is every chance that vessel will be idling and incur huge demurrage due to various factors beyond the control of stevedore. There is every chance that stevedore will be less paid by importer by deducting the demurrage charges incurred per vessel due to non-performance as per notified discharge rate by TAMP. Situation will be more complex if importer is a Government concern that always accept the gazetted notification of performance standard as base and will have audit objections if entered into contract with lesser discharge rate in the Charter Party than what is mentioned in the gazetted notification. Hence there must be due diligence in fixing norms of performance standards and associated Business environment should also to be taken in to consideration while arriving at finalising the discharge norms. Therefore we request this Authority not to fix the Performance Standards without conditional clauses for achievement. The conditions should be detailed such that it should indemnify both Port as well as the Operator from any financial or legal liabilities due to non-performance for reasons beyond the control of Operator.</p>	<p>As stated in answer to point (iii) above, the performance standards are prescribed primarily for the operator to apply for performance linked tariff. Also, the norms are used to derive the upfront tariff for a specified type of operation. It is not the case that the performance standards are mandatorily to be achieved by the operator. The operational delays/stoppage can be addressed within the framework of the upfront tariff as they are today since the upfront tariff aims at specifying a transparent ceiling tariff towards protecting the interest of importers and exporters. Performance standards is part of the whole scheme of things rather than a condition of commercial contract.</p>

(viii).	<p>All performance standards in the proposal were given in "Ship Berth Day out put" in MT while many vessels arriving at Port are having only part cargo to discharge which will be mostly confined in one or two hatches. Similarly, many vessels will have only two cranes working against stipulated standard of 4 numbers vessel cranes. Most of the Break Bulk vessels for discharging steel and machinery come in gearless barges, hence Operators may be forced to deploy only one gang. Similarly as per importers requirement, cargo may need discharge from vessel to barges for delivery. Similarly, in dry bulk vessels quantity of cargo in each holds may also vary considerably that will result confining cargo to only one or two hatches during completion stage. Hence instead of fixing productivity based on "Per Day" output, it will be more meaningful and easy to have productivity measured "Per Hook Per Shift" basis. Hence we request this Authority to change the norms from "Per Day" to "Per Hook Per Shift".</p>	<p>The productivity norms are specified in terms of ship berth day output since the same is a meaningful average which takes into account normal ship operations considering the class of ships, mostly handymax and handysize. The instances quoted are rather exceptions and not the normal pattern.</p>
(ix).	<p>All break bulk cargoes arriving in Cochin Port are "FULL LINER TERMS" where onboard stevedoring will be done by operator appointed by vessel agent while shore handling will be by the operator appointed by consignee whose responsibility starts from receiving cargo at vessel hook-point. In the event any of the operators default in performance due to some reasons, other operator will also be obviously be in trouble since the performance standard is not differentiated for stevedoring and shore handling operations. This will increase the chance for dispute among operators, because every operator will blame the other for any non compliance. Hence we request this Authority not to implement performance standards for break-bulk cargoes or cargoes arriving in Full Liner Terms.</p>	<p>The concern seems to be unfounded as both the stevedores and the shore handling agents when they have to operate independently work towards ensuring certain performance standards. There have been hardly any cases where Break Bulk cargo vessels on Liner terms have been left idling due to incompetency on the part of either stevedores or shore handling operators. Any exceptional circumstances can be taken care of by the Stevedores and Shore handling operators separately with the customers which is not restricted by the Stevedoring and Shore handling Policy.</p>
(x).	<p>Stevedoring is a challenging operation due to complexities in operation and discharge rate depends on many unique uncontrollable factors such as the ship crane capacity, grab capacity, vessel power supply, type of hatches, hatch operating delays, single hold/twin deck, cargo stowage, cargo nature, cargo condition (if cargo is harder discharge will be less), bottom cargo cleaning from combs, requirement of onboard segregation, delays due to ship crane repair, delays due to rain, part cargo discharge etc..... Therefore setting common standard of discharge is complex and chance for non-performance and non-compliance is very high. The objectivity in judging the discharge performance may also vary due to above mentioned complexity. Hence we request this Authority not to notify the performance standard per se instead it is requested to have a "Expected performance Parameters" for operators which will be more meaningful. This will help to avoid any legal issues later since any notified rate as well as notified productivity is always legally binding to both</p>	<p>The concerns stated are more of exceptions rather than normal. The performance standards have been fixed based on the broad patterns in productivity across various classes of ships.</p>

	operator as well as Port and easy to misuse by Port Users in the situation of non-performance due to any uncontrollable factors.	
(xi).	Currently the listed stevedores can independently quote for each work and importer have the liberty to choose the stevedore who is offering competitive rate subject to the requirements of importer. While there is already a system in vogue that is highly objective and offer a level playing field to all stake holders, the benefit envisaged by Port by implementing the upfront fixation of tariff for stevedoring and shore handling operation is meaningless. By fixing a common tariff and common performance standard across operators the Port User will have less choice to differentiate the service levels of different operators. Hence the proposal itself is found to be non-realistic for implementation when there is a market driven level playing field in place. Therefore we request the Authority not to implement this proposal that will be detrimental to the ongoing trade through this Port.	The upfront tariff under the Stevedoring and Shore handling Policy ensures fixing a transparent ceiling tariff which will guard against monopolistic practices by the operators. The stevedores and shore handling agents are at liberty to operate below the upfront tariff which ensures competition and cost effectiveness for the customer.
(xii).	Cochin Port is Headload Workers Welfare Board notified area governed by Kerala Headload Workers Welfare Board under the aegis of Government of Kerala. Any operator working in the Headload Board notified area need compulsory to deploy the workforce from the Board which is allotted by Board and the workers are under the control of Board. A major portion of the shore handling operation is to be carried out by this workforce and operators have minimal control on their performance. By fixing the productivity binding to Operators whereas hiring labour is possible only from Government controlled Headload Workers Welfare Board, will be difficult to follow as such the operator does not have direct control on the work force performance. Either the Operator to be allowed to choose the work force at their choice or the Board should de-notify the Port operations for effective implementation of this proposal. In current scenario with limited control by operator on workforce, performing to the standards fixed as per proposal is impossible and to be re-looked. Hence we request the authority not to implement the performance standard given in the proposal.	The engagement of workers in shore handling operations is minimal with most of the operations being mechanised. The concerns raised are mostly unfounded, especially in Cochin Port where manual operations are much less prevalent in the activity listed for computing the upfront tariff.
(xiii).	The proposal is not giving any insights in to the grievance redressal mechanism available to Operators or Port Users in case of disputes either with Port or with Port Users. Disputes may arise in performance parameters as well as on tariff definitions and other related areas of operation. For a smooth system implementation, we are of the view that the final notification must have a defined grievance redressal mechanism available to Operators as well as Port user for quick resolution of disputes if any.	The grievance redressal mechanism as specified in the guidelines will be implemented.

2. A joint hearing in this case was held on 14 December 2016 at the COPT premises. The COPT made a power point presentation of its proposal. At the joint hearing, the COPT and the concerned users / user associations have made the following submissions:

**Cochin Port Trust (COPT)**

- (i). Cargo profile is dominated by POL at 67% and containers at 26% of the total throughput. Share of dry and break bulk cargo is 7%. 66% of dry and break bulk cargo comprises of cement and fertilizer raw material which is handled through pipelines and conveyors. These cargo items do not require stevedoring operations.
- (ii). It is only 5.5 lakh tonnes of Dry Bulk and Break Bulk cargo that availed stevedoring services and shore handling services in the year 2015-16. Our proposal is for these Dry Bulk and Break Bulk cargo.
- (iii). We have followed the approach prescribed in the guidelines issued by the MOS for assessing the optimal capacity and the operating cost to arrive at the ceiling tariff. We have moderated the productivity norms for a few cargo items.
- (iv). For computing the operating cost, equipment hire cost is obtained from various stevedores, transporters and users and cross verified for validation.
- (v). NIT award is partially implemented in our port. So the labour cost is estimated based on the actual labour deployment for stevedoring and shore handling operations since manning scale for stevedoring and shore handling operations is governed by an agreement entered by COPT with the Management and the Labour Unions. We are bound by the agreement.
- (vi). COPT is a unique port. We supply port labour. Labour component is merged with the wharfage. No separate levy is imposed for deployment of port labour.
- (vii). We have proposed upfront stevedoring/ shore handling rate following the guidelines.
- (viii). Wharfage, storage charges and other miscellaneous charges shall continue to be levied by the port as per the prevailing Scale of Rates.
- (ix). The proposed tariff does not include the cost for deployment of additional equipment/ labour or port related services like bagging, etc. which the stevedores may render at the request of the users.
- (x). Storage charge is not included here. It has to be collected separately. Stevedoring tariff is a ceiling tariff for predefined activities.
- (xi). Annual indexation in tariff at 60% is proposed as per the guidelines.

- (xii). If the performance standards are achieved, 100% indexation in tariff instead of 60% indexation is proposed in line with the guidelines.
- (xiii). Stevedoring tariff is a ceiling tariff. Stevedores have flexibility to charge lower tariff to attract customers. 60% automatic escalation is allowed. If performance is low, the market will kill.
- (xiv). We have proposed performance standards for dry bulk and break bulk cargo. For dry bulk cargo, we have proposed performance standards as per the Berthing Policy. There are no norms prescribed in the berthing policy for break bulk cargo are. We have formulated performance standards of our own and proposed performance standards for break bulk cargo as well.

### **Cochin Steamer Agents Association (CSAA)**

- (i). Only below 3% of cargo is availing stevedoring facility. For this negligible cargo, whether the stevedoring rate is required? It is going to add cost to vessels.

[Dy. Chairman, COPT: The proposal is in compliance with the guidelines issued by the MOS. The proposed rates are, however, ceiling rates. Stevedores can charge lower rate.]

### **United Stevedores Association of Cochin Pvt. Ltd.**

- (i). Productivity levels considered are on very high side. We are depending on ship cranes. We request to reduce the productivity levels considered in the computation.

[COPT, Traffic Manager: We have moderated the productivity levels from the norms prescribed in the Guidelines. What we have not moderated is the productivity norms based on Berthing Policy. The intention of the guidelines is to improve the performance level.]

- (ii). Whether royalty is payable to COPT for stevedoring and shore handling operations?

[Member (Finance), TAMP: As per Stevedoring Guidelines issued by the MOS, per tonne royalty is payable by the stevedoring and shore handling licensees to the port. The per tonne royalty has to be determined by the port. Royalty will not be allowed as pass through in tariff fixation as per the Stevedoring and Shore Handling Policy and the Guidelines issued by the MOS.]

- (iii). After implementing this proposal, we have to perform 50% more than the actual performance. We will be penalized.

[COPT (Deputy Chairman): There is no penalty leviable as such on non-achievement of the performance standards. There is 60%

automatic annual escalation in tariff irrespective of achievement of performance standards. But, the market dynamics will take care if performance levels are not achieved.]

- (iv). Many times discharge rate is impacted due to various factors beyond the control of the port/ trade.

**Aspinwall & Co. Ltd.**

- (i). What is redressal available, if we are not able to perform and our license is cancelled.

[COPT, Traffic Manager: The provisions relating the renewal / Cancellation/ Suspension of License is governed by the Stevedoring and Shore Handling Policy issued by the MOS.]

**Cochin Steamer Agents Association (CSAA)**

- (i). How do we work out if we deploy private stevedores?

[COPT: Port does not collect any cost for labour. Port collects wharfage which is collected from importer/ exporter. We follow manning scale for stevedoring and shore handling operations as per the agreement entered by the port with the Labour Unions. We have incorporated labour cost for actual deployment in the proposed ceiling tariff. There is sufficient inbuilt cushion available in the Stevedoring Policy and Guidelines to work in a profitable manner.]

- (ii). We would want better productivity of vessel without additional cost.

**Cochin Port Trust**

- (i). The very purpose of the proposal is to remove inefficiency in the overall performance. If the charter agreement entered by the stevedoring and shore handling service provider provide for lower performance of crane, it is time to bring in overall improvement in the overall system.

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