TARIFF AUTHORITY FOR MAJOR PORTS

NOTIFICATION

No.TAMP/5/2000-COPT

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Cochin Port Trust (COPT) to grant a rebate of 33\(\frac{1}{3}\)\% of vessel-related charges to foreign cruise vessels calling at the Cochin Port, as in the Order appended hereto.

SCHEDULE

Case No.TAMP/5/2000-COPT

The Cochin Port Trust --- Applicant

ORDER

(Passed on this 12th day of May 2000 )

The Cochin Port Trust (COPT) has submitted a proposal to grant a rebate of 33\(\frac{1}{3}\)\% of vessel-related charges to foreign cruise vessels calling at the Cochin Port.

2. The Board of the COPT endorsed this proposal, subject to the approval of this Authority. The agenda note on the subject proposal considered by the Board of the COPT contains the following arguments in support of the proposal:

"There have been requests from agents of passenger vessels for giving certain concessions to passenger vessels calling at Cochin Port. During 1997-98 and 1998-99, 21 passenger ships each year have called at Cochin Port. The Tourism and Department for Non-Resident Keralites’ Affairs of Government of Kerala had also requested to grant some rebate on vessel-related charges to passenger vessels. Dubai has been developed as a huge tourist destination for tourists. It is therefore considered necessary to initiate policy measures which can make Cochin as a tourist destination attractive. The charges amounting to US $ 0.78 per GRT levied at Cochin Port are much higher, when compared to other ports like Chennai, Mumbai, and Mormugao. This is a disincentive to foreign cruise vessels calling at Cochin Port. However, coastal passenger vessels have already been enjoying concessional tariff which works out to be Rs.11.30 per GRT."


3. In accordance with the procedure adopted by us, the proposal was circulated to the Cochin Steamer Agents’ Association (CSAA) and the Cochin Chamber of Commerce and Industry (CCCI), seeking their comments.

4. The CSAA has welcomed the proposal and opined that the proposed move will bring more and more passenger vessels to the Cochin Port. Their consultation with various passenger vessel owners and operators is reported to have revealed that the proposed reduction will persuade owners to include the Cochin Port in their cruise vessels’ itinerary. All operators feel that the very high port cost compel the owners to collect high tariffs from the passengers which stands in the way of more passenger traffic going through the Cochin Port.

5. A joint hearing in this case was held at the COPT. The COPT and the CSAA participated in the joint hearing. The COPT has made the following points:

   (i). COPT charges for cruise vessels are the highest in the region.

   (ii). COPT will get more such vessels calling by giving concession.

6. The CSAA has stated that concessions are required not only to gain passenger traffic but also to maintain it at the present level. They fear that the traffic might wane, due to the annoyance of cruise operators over the existing high tariff levied by the COPT.

7. Observing that allowing concessional tariff without any improvement in the infrastructure facility may perhaps not attract foreign cruise vessels, as anticipated, this Authority, sought following clarifications from the COPT:

   (i). The proposal for improvement of port facilities and other amenities.

   (ii). The agency which is going to provide such facilities.

   (iii). The time period for which the (proposed) concession is likely to continue.

8. In reply, the COPT has furnished following comments:

   (i). If a cruise vessel is anchored at Trivandrum and the passengers are taken ashore by smaller vessels, the charges payable for a cruise vessel of GRT 17,490 is US $ 4,651 only whereas the charges payable at COPT is US $ 16,144. The continuation of the present Port Charges may compel some of the operators to use such anchorage Ports in Kerala and the COPT will lose the opportunity of serving cruise vessels.
(ii). The COPT has intimated the Government of Kerala that the number of passenger vessels calling at Cochin are few and Port’s income by way of passenger vessels is not adequate to support a full fledged passenger terminal. The COPT is now reconstructing the Boat Train Pier which will be developed into a general cargo berth with necessary facilities and infrastructure to handle passenger vessels also. The world-class luxury cruise vessels calling at this port will have all the facilities on board and the passengers are mostly interested in local sight seeing. Facilities like covered shelter etc., if provided, are not likely to be used by the passengers. The lack of basic facilities is not a major constraint since Cochin is not a major/primary passenger boarding Port but only a transit Port.

(iii). On COPT’s request, the Government of Kerala had come forward to share the expenditure on providing facilities for passenger vessels. The facilities are to be provided by the port trust. This will require long term planning and the modalities of sharing etc., have to be discussed with the representatives of Government of Kerala.

(iv). The rebate of $33\frac{1}{3}\%$ on vessel related charges to foreign cruise vessels will have to continue till the rates are revised in the next general revision and a separate rate is provided for foreign cruise vessels.

9. With reference to the totality of information collected during the processing of this case, and a collective application of mind, the following position is seen to emerge:

(i). The replies given by the COPT in response to the queries of this Authority are found to be reasonable and hence acceptable.

(ii). The COPT has taken up the issue with the Government of Kerela, which has agreed to share the expenditure on providing facilities to passenger vessels.

(iii) The COPT has estimated that the loss of revenue by the proposed reduction will be more than made up by the consequential increase in traffic. There is no basis for this Authority to verify this estimate. But, going by the enthusiastic support of the CSAA, there does not appear to be any reason to discount it either.

(iv). Admittedly, cruise-vessel traffic in our ports is negligible. If it can increase, it can only be beneficial. There may be many spin-off benefits to the ports.
10. In the result, and for the reasons given above, the Authority approves the proposal of the COPT to grant a rebate of $33\frac{1}{3}\%$ of vessel related charges to foreign cruises vessel calling at the Cochin Port Trust.

11. The COPT is directed to incorporate this decision of the Authority in its Scale of Rates.

12. The above rebate shall come into force on expiry of 30 days from the date of the Notification of this Order.

S.SATHYAM, Chairman

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