



Arun Chawla
Director General



January 25, 2022

Shri Sarbananda Sonowal
Hon'ble Minister of Ports, Shipping and Waterways and Minister of AYUSH
Government of India
New Delhi

Dear Shri Sonowal,

Request for Migration of BOT Terminals under different Tariff regimes to market determined pricing in view of enactment of the Major Port Authorities (MPA) Act, 2021 and Tariff Guidelines, 2021

Greetings from FICCI!

At the outset, I would like to congratulate your ministry on the successful implementation of Major Port Authorities (MPA) Act, 2021 and Tariff Guidelines, 2021. This will certainly act as a key enabler in the expansion of port infrastructure in the country and facilitate trade and commerce.

May I bring to your kind attention that there is also a need to migrate the BOT Terminals under different tariff regimes to market determined pricing. As you are aware, Major Ports have terminals which are operated by Port Trusts governed by their scale of rates, BOT operators from different regimes of 2005, 2008, 2013, 2019 and now future projects which will be governed by Tariff Guidelines 2021. With the Tariff Guidelines 2021, some terminals will now have deregulated tariffs, while the others under 2008, 2013 and 2019 guidelines will continue to have regulated tariffs. This will put the terminals under regulated tariff regime at a clear disadvantage.

As you would kindly agree that in order to create a level playing field for all BOT operators, it is imperative that Tariffs are market driven. Such a step will not only provide the support to the existing operators but will also help in increasing traffic volumes at Indian Ports. Furthermore, market will determine the tariff based on service quality and benefits it offers to the customers which will bring in additional investments and also enhance competitiveness of EXIM trade.

For your perusal, appended are some of the advantages to Major Ports, BOT Operators and EXIM Trade on account of Market determined Tariffs

- **Welcome relief to stressed/ underperforming projects in Major Ports:** Flexibility of tariff and cargo will facilitate the projects to overcome this situation of low-capacity utilization and insufficient cashflow from operations.



- **Enhanced Efficiency:** With flexibility to set and revise tariffs, the terminal operators will be in a position to invest to upgrade and optimize operation basis market factors.
- **Enhanced Revenue to Exchequer – Tax collections:** The move will enable increased business not only for BOT Terminals, Major Ports and Industry but also lead to multiplier effect on the economy. This will culminate into increased revenue not only to Major Ports but also enhanced tax collections.
- **Boost to private sector participation and renewed confidence in PPP Projects:** The move will support the existing private terminals with liquidity and enable renewed confidence to further invest for upcoming BOT opportunities.

We are confident that you will kindly consider our request positively and take appropriate measures to protect the interest of all stakeholders. FICCI would be happy to bring in an industry delegation to brief the Ministry in detail on this matter, if required.

Thank you for your valuable guidance and support.

With best regards,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Arun Chawla', written in a cursive style.

Arun Chawla