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Tariff Authority for Major Ports

GNo.122

New Delhi,

17 July 2009

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 from the India Gateway Terminal Private Limited (IGTPL) for unbundling the existing consolidated charges for yard operations as in the Order appended hereto.

(Arvind Kumar)
Member

Tariff Authority for Major Ports
Case No. TAMP/43/2008 - IGTPPL

India Gateway Terminal Private Limited

- -

Applicant

O R D E R

(Passed on this 27th day of June 2009)

This case relates to a proposal received from the India Gateway Terminal Private Limited (IGTPL) for unbundling the existing consolidated charges for yard operations.

2. The initial tariff of IGTPL was fixed by this Authority vide Order No.TAMP/34/2005-IGTPL dated 6 October 2005. The Order was notified in the Gazette of India on 21 October 2005.

3.1. Schedule 3.2.2. of the existing Scale of Rates of IGTPL prescribes composite rate for handling containers at container yard for lift on / off, or delivery / receipt to and from customers. The said schedule, prescribes concessional tariff for coastal containers at 60% of the rate prescribed for normal containers in line with the policy directions on concession for coastal cargo / container / vessels issued by the Ministry of Shipping, Road Transport and Highways on 1 January 2005. Schedule 3.2.2. of the existing SOR is reproduced below:

“3.2.2. Handling at Container Yard for lift on / off, or delivery / receipt to and from customers.

Particular	Normal Containers (in Rs.)			Coastal (in Rs.)		
	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
<i>Laden container</i>	528.00	792.00	1056.00	316.80	475.20	633.60
<i>Empty container</i>	165.00	247.50	330.00	99.00	148.50	198.00

Note:

(1). *The rate prescribed will be levied per container movement at CY.”*

3.2. The rate prescribed in the above schedule is subject to 8% increase with effect from 1 April 2007 as per the note no.(vii) of Schedule 2.- General prescribed in the existing Scale of Rates of IGTPL.

4.1. The IGTPL has submitted that the concession for coastal container extended in its Scale of Rates for handling the containers for delivery / receipt to and from customers is not in accordance with the Order No.TAMP/4/2004 Gen dated 7 January 2005 passed by this Authority and Government's policy direction in this regard.

4.2. The IGTPL has, therefore, proposed to unbundle the existing Schedule 3.2.2. into following two sections to differentiate the activities qualifying for coastal concession and the activities not qualifying for coastal concession:

- (i). Schedule 3.2.2. (i) - Handling at Container Yard for lift on / lift off while receiving from Quay and
- (ii). Schedule 3.2.2. (ii) - Handling for delivery / receipt to and from customers.

4.3. Since composite handling rate prescribed in the existing Scale of Rates is for each movement of container at the Container Yard, the IGTPL has proposed the same rate in two separate sections stated above. Concessional tariff for coastal vessels is proposed for item (i) i.e. Handling at Container Yard for lift on / lift off while receiving from Quay. For item (ii) involving handling for delivery / receipt to / from customers, the IGTPL has not proposed the concession for coastal containers. The proposed schedule is as follows:

“3.2.2. (i) Handling at Container Yard for lift on / off while receiving from Quay.

Particular	Normal Containers (in Rs.)			Coastal (in Rs.)		
	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
<i>Laden container</i>	528.00	792.00	1056.00	316.80	475.20	633.60
<i>Empty container</i>	165.00	247.50	330.00	99.00	148.50	198.00

3.2.2. (ii) Handling for delivery / receipt to and from customers.

Particular	Normal Containers (in Rs.)			Coastal (in Rs.)		
	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
<i>Laden container</i>	528.00	792.00	1056.00	528.00	792.00	1056.00
<i>Empty container</i>	165.00	247.50	330.00	165.00	247.50	330.00

5. The IGTPL has subsequently vide letter dated 16 September 2008 informed that the rates proposed in the Schedule 3.2.2. (i) and (ii) in its proposal did not give effect to graded increase of 8% in the rates applicable with effect from 1 April 2007 as per the Scale of Rates approved by this Authority. The IGTPL has, therefore, revised the proposal updating it with the correct rates.

6. In accordance with the consultative procedure prescribed, the IGTPL proposal was forwarded to the Cochin Port Trust (COPT) and to the concerned user organisations seeking their comments. The comments received from the COPT and users / user organisations were forwarded to IGTPL as feedback information. The IGTPL has not responded on the comments made by the COPT and users / user organisations.

7. While acknowledging the proposal, the IGTPL was requested to furnish additional income likely to accrue on account of the proposed unbundling of the existing consolidated handling charges for the years 2008-09, 2009-10 and 2010-11 along with detailed computation.

8. The IGTPL has furnished the detailed computation of the additional income likely to be accrued during the years 2008-09, 2009-10 and 2010-11. The IGTPL has stated that planning and supervision charge was not included in its request which is included now. A summary of the additional revenue estimated by IGTPL from the coastal containers in view of proposed unbundling is tabulated below:

(Rs. in lakhs)				
Sl. No.	Incremental Revenue from Coastal containers	2008-09	2009-10	2010-11
(i).	Coastal Containers	81	108	143
(ii).	Transshipment Coastal Containers	0	5	22
(iii).	Restow - Coastal Containers	1	1	1
	TOTAL	82	113	166

9. A joint hearing in this case was held on 20 June 2009 at the COPT premises. At the joint hearing, the COPT has endorsed the proposal of the IGTPL. The users present had no further comments to add than those conveyed already in their written submissions made earlier.

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

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

- (i). As per the policy directions issued by the Ministry of Shipping, Road Transport and Highways (MSRTH), Government of India contained in the Order dated 7 January 2005 (No.TAMP/4/2004-Genl.) notified by the Authority, coastal concession is applicable for all relevant charges for ship-shore transfer and transfer from / to quay and to / from storage yard. Accordingly, concession is not envisaged in rates payable for loading a container at the storage yard for delivery or for unloading the containers at the yard after receipt of containers from customers or for movement of containers between yard and CFS or ICD yards.
- (ii). Since the existing concessional rates prescribed for handling the coastal container at the storage yard of the IGTPL are for different services, of which some of the services do not qualify for concessional rate as per the Government policy, the proposal of the IGTPL is to segregate the relevant existing rates so that it is not required to grant concessions beyond the levels envisaged by the Government policy. Incidentally this Authority vide Order No.TAMP/46/2007-CCTL dated 30 September 2008 has approved a similar proposal received from the Chennai Container Terminal Ltd.
- (iii). The Cochin Port Trust (COPT) and the Cochin Custom House Agents' Association (CCHAA) have endorsed the proposal of the IGTPL. The Cochin Steamer Agents Association (CSAA) also agrees that the procedures followed at other ports / terminals in this regard as per the regulations laid down should be followed at IGTPL also.
- (iv). The Coir Board has requested not to accept the IGTPL proposal in view of unprecedented recession in all countries leading to severe impact on economic activities. The recessions cited by the Coir Board does not merit consideration since there is a specific policy direction issued by Ministry of Shipping, Road Transport & Highways on granting coastal concession and the proposal filed by the IGTPL for unbundling the existing composite rate is in line with the coastal concession policy envisaged by the Government. In any case, the rates approved by this Authority are ceiling level and the IGTPL have the flexibility to grant concession in the tariff approved by this Authority, if they so desire for a particular segments.
- (v). The note under existing Schedule 3.2.2. stipulates that the rate prescribed in the Scale of Rates is for one movement in the container yard. The IGTPL has accordingly while splitting the schedule into two parts maintained the tariff for normal container at the existing level.
- (vi). The IGTPL has estimated additional revenue likely to accrue during the years 2008-09, 2009-10 and 2010-11 in view of the proposed unbundling of tariff. It is relevant to state that the IGTPL has not proposed any modification in the existing schedule of rates for transshipment container. The additional income likely to accrue to IGTPL due to unbundling of the relevant tariff items will be factored in the tariff revision proposal filed by the IGTPL which is under consideration by this Authority.

12. In the result, and for the reasons given above and based on a collective application of mind, the existing Schedule 3.2.2. in the Scale of Rates of the IGTPL is replaced with the following Schedule:

“3.2.2. (i) Handling at Container Yard for lift on / off while receiving from Quay.

Particular	Normal Containers (in Rs.)			Coastal (in Rs.)		
	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
<i>Laden container</i>	570.24	855.36	1140.48	342.14	513.22	684.29
<i>Empty container</i>	178.20	267.30	356.40	106.92	160.38	213.84

3.2.2. (ii) Handling for delivery / receipt to and from customers.

Particular	Normal Containers (in Rs.)			Coastal (in Rs.)		
	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length	Container not exceeding 20 feet in length	Container exceeding 20 feet in length and upto 40 feet length	Container exceeding 40 feet in length and upto 45 feet length
<i>Laden container</i>	570.24	855.36	1140.48	570.24	855.36	1140.48
<i>Empty container</i>	178.20	267.30	356.40	178.20	267.30	356.40

13. Since the amendment to the Scale of Rates of IGTPL is to correctly reflect the existing Government policy, this Order will take immediate effect from the date of notification of this Order in the Gazette of India.

(Arvind Kumar)
Member