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Tariff Authority for Major Ports

G.No.394

New Delhi,

8 December 2015

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 extends the validity of the existing tariff prescribed for the Central Warehousing Corporation at the Container Freight Station in the Kandla Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/35/2010-CWC

The Central Warehousing Corporation

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Applicant

ORDER

(Passed on this 10th day of November 2015)

This case relates to the extension of the validity of the existing Scale of Rates of the Central Warehousing Corporation (CWC) for the services rendered by it at the Container Freight Station in the Kandla Port Trust.

2. The existing Scale of Rates (SOR) of CWC was last approved by this Authority vide Order No. TAMP/35/2010-CWC dated 06 January 2012 which was notified in the Gazette of India on 01 March 2012. The Order prescribed the validity of the SOR till 31 March 2014. This Authority, had extended the validity of SOR of CWC on couple of occasions; the last extension being till 30 September 2015 vide Order dated 28 April 2015.

3. While extending the validity of its existing SOR vide Order dated 28 April 2015, this Authority had granted time till 30 September 2015 to the CWC to file its proposal for revision of its SOR. The CWC, vide its letter dated 28 September 2015, has stated that the position as intimated to this Authority vide their letter dated 23 March 2015 still prevails i.e. presently there is no Container Terminal Operator at KPT and hence no IMPEX vessel is reporting at KPT resulting virtually nil business at CWC-CFS Kandla Port. Without any IMPEX container traffic at port, the tariff proposal will not be justifiable. The CWC has further stated that the global invitation / RFQ dated 18 March 2015 floated by the KPT for appointment of Container Terminal Operator is yet to be finalized and as gathered by it with KPT there will be no container business at KPT through CTO/CWC-CFS Kandla Port up to December 2015.

4.1. Further, the CWC has stated that it has floated NIT for appointment of fresh H&T contractor at CFS-KPT and date of tender opening is 8 January 2016 i.e., tender process will be finalized within October 2015 and the SOR of H&T operations definitely will be higher than existing rates. To cope-up the increase in H&T rates, there will be urgent need to revise H&T tariff proportionately, so as to avoid any financial loss to CWC. Therefore, it will be prudent to revise the H&T rates at CFS-KPT, provisionally up to extent to the increase in H&T rates to cope-up the increase of H&T SOR rates to be paid to contractor. After appointment of HTC the CWC will file tariff revision proposal to this Authority.

4.2. In view of the above, the CWC has requested to extend the validity of the existing SOR beyond 30 September 2015 and has also requested to grant time upto 31 December 2015 or till appointment of HTC whichever is earlier to file its proposal. Further, the CWC has requested to revise Handling and Transportation (H&T) tariff (subject to finalization of H&T contract/tender) upto the extent of increase in H&T SOR till approval of CWC proposal by this Authority is conveyed.

5.1. From the submissions made by the CWC, there does not appear to be any change in the position relating to impex container traffic then prevailing at the KPT while extending the Scale of Rates of CWC vide Order dated 28 April 2015 and now. In view of the extraordinary situation prevailing at the KPT, as brought out by the CWC in its letter dated 28 September 2015, this Authority extends the validity of the existing SOR of the CWC from the date of its expiry till 31 March 2016 or the effective date of implementation of the revised SOR, whichever is earlier.

5.2. In view of the submission made by the CWC, this Authority also grants time till 31 December 2015 to CWC to file its proposal for revision of its SOR.

5.3. With reference to the request of CWC to revise the existing H&T tariff prescribed in the SOR it has to be recognized that in the cost plus approach of fixation of tariff under 2005 Tariff Guidelines, which is applicable for CWC-CFS, it is not possible to revise only one tariff item without taking into account the comprehensive cost position for the tariff cycle. However, after the receipt of CWC proposal for revision of its SOR, any revision in SOR, can be considered as per 2005 Guidelines after taking into account the comprehensive cost position for the tariff cycle. Hence, the request of CWC to revise H&T tariff is not acceded by this Authority.

6. If any additional surplus over and above the admissible cost and permissible return emerges for the period post 1 April 2014, during the review of its performance, such additional surplus will be set off fully in the tariff to be determined.

(T.S. Balasubramanian)
Member (Finance)