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TARIFF AUTHORITY FOR MAJOR PORTS

GNo.53 **New Delhi,** **13 April 2009**

NOTIFICATION

In exercise of the powers conferred under 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 Scale of Rates of the Gateway Terminals India Pvt. Ltd, beyond 31 March 2009 as in the Order appended hereto.

(Arvind Kumar)
Member

Tariff Authority for Major Ports

No. TAMP/49/2008 – GTIPL

Gateway Terminals India Private Ltd. - - - Applicant

ORDER

(Passed on this 27th day of Mach 2009)

This case relates to a proposal from the Gateway Terminals (India) Private Ltd. (GTIPL) for revision of its Scale of Rates.

2. The proposal received from the GTIPL in October 2008 was registered as a tariff case and processed following the usual consultation process prescribed.

3. Now, the GTIPL vide its letter dated 6 March 2009 has conveyed to this Authority, *inter alia*, the following:

(i). There is a steady fall in the throughput after September 2008 as a result of global economic recession. It is difficult to make any reasonable volume projections for the years 2009, 2010 and 2011.

(ii). Considering the actual throughput of January 2009 and February 2009, the estimate of throughput for the year 2009 works out to 11,00,000 TEUs as compared to the throughput projected at 13,95,030 TEUs in the tariff proposal of October 2008. The reduction in the throughput does not have corresponding effect in the expenditure to be incurred since major portion of the cost is fixed in nature. The income / cost statement drawn up based on handling 11,00,000 TEUs shows 27% deficit as a percentage of operating income for the year 2009.

(iii). The tariff, if decided at this time of economic turmoil, fluctuating foreign exchange rate and unpredictable volumes will not reflect a correct picture since the tariff will have a validity for three years. Any increase in the tariff based on deficit position will make it difficult to retain the existing customers affecting the revenue for land lord port also.

(v). GTIPL will be in a position to estimate reasonably and accurately the container throughput and the financial position for the years 2010 and 2011 by the end of 2009.

(vi). As the economic scenario has undergone a major change since the time GTIPL filed its proposal in October 2008 and considering the difficulties in finalizing a proposal at this juncture, the GTIPL likes to withdraw its proposal dated 14 October 2008.

(vii). To extend the validity of the existing Scale of Rates till 31 December 2009.

4. Review of the Scale of Rates of GTIPL is already due. This Authority has already initiated a formal proceeding on the proposal filed by GTIPL in October 2008 for review of its tariff. It is, therefore, appropriate to conclude the proceedings only after hearing the concerned parties. As such, this Authority is not inclined to accede the request of GTIPL at this juncture to withdraw its proposal dated 14 October 2008. If it becomes necessary, the GTIPL will be afforded an opportunity to update its proposal dated 14 October 2008 to correctly reflect the changed circumstances pointed out by it.

5. This Authority is, however, inclined to extend the validity of the existing Scale of Rates of GTIPL till 30 June 2009 or till the effective date of implementation of the Order to be passed on the proposal of GTIPL filed by it in October 2008, whichever is earlier.

6. Clause 2.13 of the tariff guidelines of March 2005 will be applied to review the actual physical and financial performance of GTIPL only upto 31 December 2008 since the estimates of financial position considered for the purpose of fixation of estimating tariff of GTIPL in August 2006 was till 31 December 2008.

If any additional surplus over and above the admissible cost and permissible return emerges post 1 January 2009, during the review of its performance, such additional surplus will be set off fully, without reference to Clause 2.13 of the guidelines of March 2005.

7. In the result, and for the reasons given above and based on a collective application of mind, this Authority decides to extend the validity of the existing Scale of Rates of GTIPL till 30 June 2009 or till the effective date of implementation of the Order to be passed on the proposal of GTIPL filed by it in October 2008, whichever is earlier.

(Arvind Kumar)
Member