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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 384 **New Delhi,** **30 October 2019**

NOTIFICATION

In exercise of the powers conferred by Sections 48 and 50 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 Paradip Port Trust (PPT) as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/90/2016-PPT

Paradip Port Trust --- **Applicant**

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Rajat Sachar, Member (Economic)

O R D E R

(Passed on this 10th day of October 2019)

This case relates to the extension of the validity of the existing Scale of Rates (SOR) of the Paradip Port Trust (PPT).

2. The existing SOR of PPT was last approved by this Authority vide Order No. TAMP/90/2016-PPT dated 15 September 2017 which was notified in the Gazette of India on 1 November 2017 vide Gazette No. 422. The Order prescribed the validity of the SOR till 31 March 2019. Thereafter, the validity of the existing SOR of all the Major Port Trusts including PPT was extended till 30 September 2019 or till the effective date of implementation of the revised SOR to be notified by this Authority, whichever is earlier. While extending the validity, the PPT was requested to file its proposal for general revision of Scale of Rates following Tariff Policy, 2018.

3.1. In this backdrop, the PPT vide its letter no. FA/RE/123/2019/438 dated 27/30 July 2019 has submitted as follows:

(i). The validity of present SOR of PPT is expiring on 30 September 2019. Therefore, the revision proposal of general SOR of PPT needs to be filed immediately.

(ii). The PPP projects in PPT are likely to be commissioned in next year. Therefore, the revenue generation will change because some of the existing cargo may get diverted to this PPP terminals.

(iii). Under the above circumstances, the present revenue estimation may not be yardstick for revision of SOR of PPT.

3.2. Further, in continuation to the above letter, the PPT vide letter no. FA/RE/123/2019 dated 20 August 2019 has submitted as follows:

(i). The following PPP projects in PPT are likely to be commissioned in next one year's time and the PPP projects commissioned during current financial year are furnished below:

Sr. no.	Name of the PPP Operator	Name of the Projects	Date of Commissioning
1.	Paradip International Cargo Terminal Pvt Ltd	Multi Purpose berth to handle clean cargo including containers.	04.04.2019
2.	JSW Paradip Terminal Pvt Ltd	New Iron Ore Berth for handling of Iron Ore exports.	31.03.2020
3.	Paradip East Quay Coal Terminal Pvt Ltd	Mechanization of EQ-1,2 & 3 berths.	14.12.2020
4.	Kalinga International Coal Terminal Paradip Pvt Ltd	New Coal Berth for handling of coal imports	19.04.2021

(ii). The project at Sr. no. 2 will be completed provisionally by 31.08.2019 and overall completion will be by 31.03.2020. The project indicated at Sr. no. 4 is very likely to be commissioned by October 2020 even though the scheduled commissioning date is 19.04.2021.

(iii). The impact on the revenue generation of PPT, as indicated in earlier letter, will definitely undergo a change after commissioning of these projects.

3.3. Based on the above, the PPT has requested to extend the validity of the present SOR for a further period of one year w.e.f. 1 October 2019.

4.1. In order to analyse the impact of commissioning of the PPP Projects on the revenue generation of PPT, the cargo profile of PPT as gathered from the information furnished by the Indian Ports Association (IPA) about the commodity wise traffic handled by all Major Ports during the year 2018-19 and the cargo profile of the PPP Projects as gathered from the respective Tariff Orders are given below:

Sl. No.	PPP Project	Cargo Profile of the PPP Project	Cargo Profile of PPT includes the following commodities.
1	Pradaip International Cargo Terminal Private Limited. (Tariff Order No. TAMP/10/2014-PPT dated 19 February 2014 read with tariff Order No. TAMP/35/2008-KPT notified on 07 February 2013)	(i). Iron and Steel Products, Aluminum Ingots, Pig Iron, Finished Fertilizers, Food grains and Sugar. (ii). Containers	(i). Iron and steel products. (ii). Finished Fertilizers (iii). Break Bulk (iv). Containers
2.	JSW Paradip Terminal Private limited (Tariff Order No. TAMP/28/2014-PPT, dated 5 June 2014)	All types of Iron ore	Iron ore and Iron ore pellets
3.	Paradip East Quay Coal Terminal Private Limited (Tariff Order No. TAMP/12/2014-PPT, dated 21 February 2014)	Thermal Coal	Thermal Coal
4.	Kalinga International Coal Terminal Paradip Private Limited (TAMP/68/2016-PPT, dated 02 January 2017)	Coal (All types)	(i). Thermal Coal (ii). Coking Coal (iii). Other Coal

4.2. It appears from the above table that shift of cargo from the berths operated by PPT to the berths that will be operated by the PPP Concessionaires cannot be ruled out, as submitted by PPT in its letter dated 30 July 2019.

4.3. The Scale of Rates for PPT has to be determined for the tariff cycle of 3 years period, commencing from 2019-20 to 2021-22, with a suitable effective date in the year 2019-20 as per the statute. As per the information furnished by PPT, as brought out at paragraph No. 3.2. above, one project for handling clean cargo and containers has already commissioned its operations on 4 April 2019. Another project to handle Iron Ore exports is expected to be provisionally completed by 31 August 2019. This implies that operation of two projects in the year 2019-20 would have impact on the PPT. That being so, this Authority is inclined to accept the point highlighted by the PPT that revenue estimation based on the traffic of 2018-19 (Y3), as per Clause 2.5. of the Tariff Policy for Major Port Trusts, 2018 is not the yardstick for revision of Scale of Rates of PPT applicable for the tariff cycle upto 2021-22.

5. Since the extended validity of the existing Scale of Rates of PPT has expired on 30 September 2019 and considering the time required for processing the proposal (to be) filed by the PPT and in order to avoid a vacuum in the Scale of Rates of PPT, it is felt appropriate to extend the validity of the existing Scale of Rates of PPT beyond 30 September 2019.

6. In the result, and for the reasons given above, and based on collective application of mind, this Authority extends the validity of the existing Scale of Rates of PPT for one year i.e. from 1 October 2019 to 30 September 2020. The PPT is also advised to file its proposal latest by 30 June 2020, following Tariff Policy, 2018.

7. In this connection, it is also made clear that the extension of the validity of the Scale of Rates for PPT, on account of the unique situation at PPT, shall not be quoted as a precedent by any Major Port Trust/ BOT Operator, for seeking extension of its tariff validity.

(T.S. Balasubramanian)
Member (Finance)