

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

## **Tariff Authority for Major Ports**

No. TAMP/10/2014-PPT

**G No. 139**

**New Delhi,**

**19 May 2014**

**Paradip Port Trust (PPT)**

**- - -**

**Applicant**

### **QUORUM:**

- (i). Shri. T. S. Balasubramanian, Member (Finance)
- (ii). Shri. C. B. Singh, Member (Economic)

### **ADDENDUM**

(Passed on 19<sup>th</sup> day of March 2014)

This case deals with the proposal received from Paradip Port Trust (PPT) for review of the Reference tariff for Storage and Berth hire charges approved for handling multipurpose cargo at the Multipurpose Berth at PPT envisaged to handle Containers and clean cargo.

2. This Authority has passed an Order dated 19 February 2014 on the proposal received from the PPT for fixation of Reference tariff for Development of Multipurpose Berth at PPT to handle Containers and clean cargo. This Order has been notified in the Gazette of India on 04 March 2014 vide Gazette no. 78.

3. In this backdrop, the PPT vide its letter dated 18 March 2014 has made following submissions:-

- (i). Based on the tariff approved vide TAMP Order dated 19 February 2014, PPT had prepared SFC memo for SFC appraisal and government approval. The SFC (Standing Finance Committee) meeting was held on 25 February 2014 at the Ministry of Shipping (MOS).
- (ii). As per the Minutes of the SFC meeting circulated by the MOS, it has been brought out citing the letter from the Kandla Port Trust (KPT) that the storage charges notified for the multipurpose cargo at PPT is on the higher side and KPT has represented to the Government on the issues being faced by its Concessionaires in its multipurpose cargo berths in attracting users because of the high storage charges vis-à-vis the storage rates specified in the KPT Scale of Rates.
- (iii). During the SFC meeting, it was also opined that the berth hire charges notified for the project are exorbitantly high as compared to the charges at the nearby ports, including private ports and hence, the berth hire charges may also be revised to encourage potential use of the terminal.
- (iv). In view of the above, the PPT, after going through various tariff orders notified by the TAMP, proposes to revise the berth hire and storage charges as follows:

(a). **Storage charges (Import/ Export Cargo):**

(Rate in ₹ per MT per day or part thereof)

| Sl. No | Commodity                       | Rate for 1 <sup>st</sup> to 10 <sup>th</sup> day | Rate for 11 <sup>th</sup> to 20 <sup>th</sup> day | Rate for 21 <sup>st</sup> day onwards |
|--------|---------------------------------|--------------------------------------------------|---------------------------------------------------|---------------------------------------|
| 1      | All types of Multipurpose cargo | 2.43                                             | 4.87                                              | 7.30                                  |

(b). **Berth hire charges:**

| Sl. No | Vessels     | Rate per GRT per hour or part thereof |                        |
|--------|-------------|---------------------------------------|------------------------|
|        |             | Foreign Going Vessel (in ₹ )          | Coastal Vessel (in ₹ ) |
| 1      | All Vessels | 0.58                                  | 0.34                   |

- (v). Since the proposed charges are lower than the rates notified by TAMP, the proposed tariff may be approved for smooth implementation of the above mentioned project as per schedule.

4.1. It may be recalled that based on the proposal of the PPT and for the reasons recorded in the 19 February 2014 Order, this Authority has approved the Reference tariff for the Multipurpose Berth at PPT to handle Containers and clean cargo. The Reference tariff so fixed was adoption of the upfront/ reference tariff fixed for the two different projects at Kandla Port Trust (KPT), i.e. for handling clean multipurpose cargo, the upfront tariff of KPT Multipurpose berth was adopted and for handling containers, the Reference tariff fixed for the KPT Container terminal was adopted.

4.2. Now, on the ground that the Concessionaires at KPT multipurpose berths are having issues on the reported high storage charges and given that the PPT has adopted the KPT multipurpose berth upfront tariff including storage charges for its project, the SFC has advised PPT to represent to this Authority to review the storage charges for its project. Similarly, on the ground that the berth hire charges fixed for the PPT berth, based on the KPT multipurpose berths is higher compared to the nearby ports including private ports , the SFC has advised the PPT to revise the berth hire charges also. Accordingly, the PPT has proposed the revised storage charges and berth hire charges as brought out in the earlier paragraph.

4.3. A comparative position between the storage charges fixed vide the tariff Order of 19 February 2014 and the storage charges now proposed by the PPT is tabulated and given below:

(a). **Storage charges (Import Cargo):**

(₹ per MT per day or part thereof)

| Sl. No. | Commodity                       | As per 19 February 2014 Order                    |                                                   |                                       | As proposed now by the PPT                                         |                                                                     |                                                         |
|---------|---------------------------------|--------------------------------------------------|---------------------------------------------------|---------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|
|         |                                 | Rate for 6 <sup>th</sup> to 12 <sup>th</sup> day | Rate for 13 <sup>th</sup> to 19 <sup>th</sup> day | Rate for 20 <sup>th</sup> day onwards | Rate for 1 <sup>st</sup> to 10 <sup>th</sup> day after free period | Rate for 11 <sup>th</sup> to 20 <sup>th</sup> day after free period | Rate for 21 <sup>st</sup> day onwards after free period |
| 1       | All types of Multipurpose cargo | 12.62                                            | 18.92                                             | 25.23                                 | 2.43                                                               | 4.87                                                                | 7.30                                                    |

**Storage charges (Export Cargo):**

(₹ per MT per day or part thereof)

| Sl. No. | Commodity                       | As per 19 February 2014 Order                     |                                                   |                                       | As proposed now by the PPT                                         |                                                                     |                                                         |
|---------|---------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|
|         |                                 | Rate for 16 <sup>th</sup> to 22 <sup>nd</sup> day | Rate for 23 <sup>rd</sup> to 29 <sup>th</sup> day | Rate for 30 <sup>th</sup> day onwards | Rate for 1 <sup>st</sup> to 10 <sup>th</sup> day after free period | Rate for 11 <sup>th</sup> to 20 <sup>th</sup> day after free period | Rate for 21 <sup>st</sup> day onwards after free period |
| 1       | All types of Multipurpose cargo | 12.62                                             | 18.92                                             | 25.23                                 | 2.43                                                               | 4.87                                                                | 7.30                                                    |

(b). **Berth hire charges:**

Rate in ₹ per GRT per hour or part thereof

| Sl. No. | Vessels     | As per 19 February 2014 Order |                        | As proposed now by the PPT   |                        |
|---------|-------------|-------------------------------|------------------------|------------------------------|------------------------|
|         |             | Foreign Going Vessel (in ₹ )  | Coastal Vessel (in ₹ ) | Foreign Going Vessel (in ₹ ) | Coastal Vessel (in ₹ ) |
| 1       | All Vessels | 1.236                         | 0.744                  | 0.58                         | 0.34                   |

4.4. As can be seen from the above table, the storage charges and the berth hire charges now proposed by the PPT are seen to be lower than that approved in the 19 February 2014 Order. This position flows from the advice rendered by the SFC to the PPT.

5. The provisions of the revised 2013 guidelines enable a major port trust to adopt the upfront tariff fixed for another major port trust. The Guidelines do not provide for altering the tariff so adopted. However, considering that the proposal to alter the storage charges and the berth hire charges has emanated from the advice rendered by the SFC to PPT and recognizing the spirit behind the advice of SFC and keeping in view the plea made by the PPT to approve the proposal for smooth implementation of the project as per schedule, this Authority is inclined to approve the proposal of the PPT. Presuming that the PPT would have done due diligence before proposing the modifications in the approved charges, the adequacy/ inadequacy of the proposed storage charges and the berth hire charges have not been gone into. The judgment of the PPT for effecting a downward revision in the storage charges and the berth hire charges is relied upon.

6. In the result, and for the reasons given above and based on a collective application of mind, this Authority approves the proposal of the PPT and the PPT is directed to:

- (i). Substitute existing Section b under Chapter - 3 of the Scale of Rates vide Order no. TAMP/10/2014-PPT dated 19 February 2014 with the following:

**“b. Storage charges (Import/ Export Cargo):**

| (₹ per MT per day or part thereof) |                                 |                                                                    |                                                                     |                                                         |
|------------------------------------|---------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|
| Sl. No.                            | Commodity                       | Rate for 1 <sup>st</sup> to 10 <sup>th</sup> day after free period | Rate for 11 <sup>th</sup> to 20 <sup>th</sup> day after free period | Rate for 21 <sup>st</sup> day onwards after free period |
| 1                                  | All types of Multipurpose cargo | 2.43                                                               | 4.87                                                                | 7.30                                                    |

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- (ii). Substitute existing Section a under Chapter - 4 of the Scale of Rates vide Order no. TAMP/10/2014-PPT dated 19 February 2014 with the following:

**“a. Berth hire charges:**

| (Rate in ₹ per GRT per hour or part thereof) |             |                             |                       |
|----------------------------------------------|-------------|-----------------------------|-----------------------|
| Sl. No.                                      | Vessels     | Foreign Going Vessel (in ₹) | Coastal Vessel (in ₹) |
| 1                                            | All Vessels | 0.58                        | 0.34                  |

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**(T.S. Balasubramanian)**  
Member (Finance)