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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 105

New Delhi, 11 June 2004

NOTIFICATION

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby decides to keep in abeyance its earlier order No. TAMP/19/2004-JNPT dated 4 May 2004 as in the Order appended hereto.

(A.L. Bongirwar)
Chairman

Tariff Authority for Major Ports

Case No. TAMP/19/2004-JNPT

O R D E R

(Passed on this 11th day of June 2004)

This Authority had passed an Order on 4 May 2004 reducing the ceiling rates of all vessel-related charges prescribed in the Scale of Rates of Jawaharlal Nehru Port Trust (JNPT) by 10% with effect from the expiry of 30 days from the date of notification of the said Order in the Gazette of India. This Order was notified in the Gazette of India on 21 May 2004 vide Gazette No. 94.

2.1. With reference to this Order, the JNPT has filed review petitions on 3 June 2004 and 9 June 2004 requesting this Authority to keep it in abeyance. The main points made by the JNPT are as follows :

- (i). JNPT should have been given a chance to present its case before the suo motu orders were passed by the Authority.
- (ii). With the commissioning of the third container terminal, there is a possibility of diversion of traffic from JNPCT to the new terminal. In such a scenario, JNPT may not be in a position to absorb the impact of reduction of revenue. There may be shifting of traffic even from NSICT to the new terminal which will mean a reduction in the royalty income to be received by the JNPT from NSICT.
- (iii). The revenue from shallow water berth is very marginal. Even though the bulk terminal which was incurring heavy loss has now been dismantled, the loss incurred on disposal of the assets has affected the JNPT in a big way.
- (iv). Appreciation of Indian rupee vis-à-vis US\$ and reduction of unit of berth hire charges to hourly basis have reduced port's revenue.
- (v). JNPT has embarked on various replacements and modernization programme. As per the integrated development plan, JNPT may have to invest an amount of around Rs 4000 crores in the next 10 years which includes an amount of Rs 700 crores for first phase capital dredging to be incurred shortly. The second phase of dredging is also required to be taken up at an estimated cost of Rs 1600 crores by end of 2008-09. This will adversely affect the long term financial health of JNPT and also its rating by Rating Agencies thereby increasing the cost of funds to be raised from the financial institutions.

- (vi). The report submitted by a Committee constituted by the Ministry of Shipping to study the competitiveness of marine related charges of container handling ports has not suggested any reduction of vessel-related charges at JNPT as an immediate measure though they have indicated such charges are slightly on a higher side. The Ministry of Shipping has recently advised Cochin, Chennai and Tuticorin Ports to reduce their VRC to the level of Colombo Port; but they have not advised JNPT to reduce the charges.

2.2. Initially, the JNPT requested that it might be allowed to submit its comprehensive proposal for review after the revised tariff guidelines were finalized by TAMP and till such time the Order in reference might be kept in abeyance. Subsequently, the JNPT has agreed that it will file a comprehensive tariff revision proposal with the approval of its Board of Trustees by 31 July 2004 as stipulated in this Authority's Order dated 4 May 2004. In the interim, it has requested to keep the earlier order of this Authority in abeyance.

3. Considering the submissions made by JNPT, even though they are not fully admitted, this Authority hereby decides to keep the operation of its earlier order No. TAMP/19/2004-JNPT dated 04 May 2004 in abeyance subject to the following :-

- (i). Comprehensive proposal for tariff review or at least a proposal for review of vessel-related charges should be submitted by JNPT by 15 July 2004.
- (ii). If comprehensive proposal for review is submitted, the portion relating to vessel related charges will be de-linked and will be taken up for immediate consideration.

(A.L. Bongirwar)
Chairman