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Tariff Authority for Major Ports

G No. 159

New Delhi, 6 August 2011

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 disposes of the proposal received from the Kandla Port Trust for setting upfront tariff for upgradation of Barge handling facility at Bunder Basin at Kandla Port as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/20/2011-KPT

Kandla Port Trust

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Applicant

ORDER

(Passed on this 26th day of July 2011)

This case relates to a proposal dated 2 April 2011 received from the Kandla Port Trust (KPT) for fixation of upfront tariff for upgradation of Barge handling facility at Bunder Basin at Kandla Port on Built, Operate and Transfer (BOT) basis.

2.1. The said proposal envisages deployment of cargo handling equipment viz. excavators, payloaders, forklifts etc. at the jetty and a floating crane at Outer Tuna Buoy by the BOT operator. Floating crane is expected to be utilised by non-gearred vessel to load/discharge cargo from/ into barges. The total capital cost estimated by KPT for the proposed terminal is ₹ 8574.81 lakhs.

2.2. All kinds of bulk cargo, steel and timber are envisaged to be handled at the proposed terminal. The optimal capacity of the proposed terminal is determined by KPT at 3.22 Million Metric Tonnes Per Annum (MTPA). The port has also separately assessed the optimal capacity of floating crane at 3.09 MTPA. However, stating that only 30% of the handling capacity will be non gearred vessel, the optimal capacity of floating crane is considered at 0.97 MTPA being 30% of the optimal capacity of the terminal determined at 3.22 MTPA. The KPT has proposed upfront berth hire, composite handling rate, storage charges and miscellaneous charge for handling of dry bulk cargo, steel and timber at the proposed terminal.

3. The proposal of the KPT was registered as a tariff case on 16 April 2011 and the consultation process with the users / user organisations were initiated. A detailed questionnaire was sent to the KPT on 27 April 2011 seeking additional information/ clarifications on various points like the basis of various parameters assumed in its proposal for assessment of capacity, estimation of power/ fuel cost, justify the proposed floating crane, etc. Since most of the parameters assumed by the port for calculation of upfront tariff was found to be not in accordance with the tariff guidelines of 2008 for multipurpose cargo terminal, the port was requested to justify the deviations proposed from the norms prescribed in the guidelines with reference to actual parameters for similar operations at KPT or based on technical study conducted by the port apart from clarifications sought on various points. The KPT has not furnished its response on the queries raised by us despite reminders.

4. A joint hearing in this case was held on 5 May 2011 at the Kandla Port Trust (KPT) premises. As agreed at the joint hearing, the KPT was advised to furnish clarifications/ response to the queries raised by us vide letter dated 27 April 2011 and also clarify the following points by 19 May 2011:

- (i). Since many aspects of the proposal are not clear to the users and bidders, the KPT was advised to immediately convene a meeting of the users and bidders, so as to explain the proposal in detail and to furnish necessary clarifications. Thereafter, the users/ bidders should furnish their comments, if any, to TAMP with a copy to KPT.
- (ii). The proposal of KPT appears to be based on the existing level of traffic. The proposal does not explain why higher capacity of floating crane/ equipment cannot be deployed keeping in mind further growth potential. The KPT was advised to furnish a detailed note in this respect along with future traffic projections clearly bringing out the operational arrangement of the proposed floating crane.

5. During the proceedings of the case, most of the users/ user associations have expressed doubt on the need of the proposed floating crane exclusively for the cargo handling facility at Bunder Basin. The KPT has not furnished its response on the observations made by users/user associations and the Authority.

6. Since no response was received from the KPT on the actions required to be taken by it after the joint hearing, the KPT was advised to furnish the requisite data/ information on the subject proposal positively by 18 July 2011.

7. The KPT vide its letter dated 16 July 2011 has submitted that it had convened a joint meeting with users and bidders on 1 June 2011 to explain the subject proposal and furnish necessary clarifications to them. It has stated that based on the outcome of the said meeting, the project parameters are revised and hence the earlier tariff proposal filed for fixation of upfront tariff for cargo handling facility at the Bunder Basin has to be revised and also the feasibility report needs to be revised. It has sought time till 15 August 2001 as clarifications / information sought by the TAMP can be furnished only after the proposal is revised.

8. The revised proposal (to be) filed by the KPT after revision of project parameters and feasibility report will be different from the original proposal filed by the KPT. Revised proposal when received will, therefore, require fresh consultation with the users / prospective bidders and also entail fresh examination. No useful purpose will, therefore, be served by keeping this proceeding open.

9. In the result, and based on a collective application of mind, this Authority decides to close the proceedings initiated based on the proposal dated 2 April 2011 filed by the KPT. The revised proposal when received from the port will be processed afresh. The KPT is advised to formulate its revised proposal taking into consideration the observations and suggestions emerged in this proceeding.

(Rani Jadhav)
Chairperson

**SUMMARY OF THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING
BEFORE THE AUTHORITY**

F. No.TAMP/20/2011 -KPT	-	Proposal from the Kandla Port Trust for fixation of upfront tariff for upgradation of Barge handling facility at Bunder Basin at Kandla Port on Built, Operate and Transfer (BOT) basis.
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1. A joint hearing in this case was held on 5 May 2011 at the Kandla Port Trust (KPT) premises. The KPT made a power point presentation of its proposal. At the joint hearing, KPT and the concerned users/ organisation bodies have made their following submissions:

Kandla Port Trust

- (i). The floating crane will handle cargo of Bunder Basin as well as cargo going to other berths. Likewise all cargo handled at Bunder Basin need not be handled by floating cranes. They can come by ship's derricks.
- (ii). The number of excavators proposed by us is based on traffic demand. We agree that more equipment can be theoretically deployed. But there would not be any cargo to support such deployment.
- (iii). We expect more non-geared vessels to come if a floating crane is available.

M/s Rishi Shipping

- (i). Bunder Basin does not require an exclusive floating crane. 95% of vessels calling at KPT are geared and capable of midstream discharge in barges. One floating crane commonly for the port is enough.

Kandla Port Stevedores Association

- (i). Kandla has other anchorage points. Therefore, KPT has to clarify whether the use of proposed floating crane is mandatory even when the cargo is not going to Bunder Basin.
- (ii). The floating crane capacity calculation is not clear.
- (iii). Any waiting period for more than 8 hours for floating crane may not be possible. Trade in that case should be given an option to hire any other private floating crane.
- (iv). Cargo related charges are proposed to be levied on manifested cargo. It is not an appropriate basis in barge operations. Wharfage should be on actual volume cargo discharged by the barges.
- (v). Berth hire should be levied on barges and payable by Barge owners. Not by vessel owners. SOR may clarify this position.
