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TARIFF AUTHORITY FOR MAJOR PORTS

G NO. 54

New Delhi,

13 April 2009

NOTIFICATION

In exercise of the powers conferred by Section 48, 49 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 at Kolkata Port Trust beyond 31 March 2009, as in the Order appended hereto.

(Arvind Kumar)
Member

Tariff Authority for Major Ports
Case No. TAMP/45/2005 - KOPT

Kolkata Port Trust

- - -

Applicant

ORDER

(Passed on this 27th day of March 2009)

This Authority had passed an Order on 29 December 2006 disposing of the proposal from the Kolkata Port Trust (KOPT) for general revision of its Scale of Rates (SOR). This Order was notified in the Gazette of India on 6 February 2007 vide Gazette No. 34. The revised Scale of Rates has come into effect from 8 March 2007 after expiry of 30 days from the notification of the Order with a validity period upto 31 March 2009.

2.1 Clause 3.1.2. of the guidelines of March 2005 requires the major ports to forward their proposal for review of the existing tariff at least 3 months before expiry of their validity.

2.2. Paragraph 5(i)(b) of Order dated 30 September 2008 passed by this Authority notifying the refinement of certain areas of existing approach / practice followed in tariff setting exercise of major port trusts and private terminals operating thereat stipulates that the request for extension of validity of the tariff will not be entertained unless sufficient justifiable reasons are advanced for not filing tariff proposal in time. Even in exceptional cases where such requests are entertained by this Authority, an ad-hoc reduction in the existing rates will be effected for the extended period which in any case cannot exceed 3 months. Grant of extension will also be subject to the condition that additional surplus, if any, accrued during the extended period would be fully set off in the next tariff revision.

3.1 When reminded in this regard since the KOPT did not file its proposal for review of its Scale of Rates by the stipulated period, the KOPT vide its letter dated 5 February 2009 has responded explaining the difficulties encountered by it in formulation of its proposal. The main points made by KOPT are summarized below:

- (i). KOPT has already taken up the exercise of submission of its proposal for general revision of its Scale of Rates before the Authority. However, it is felt necessary to review the projection of cargo throughput and estimation of revenue for the years 2009-10 to 2011-12 mainly because of world-wide economic recession.

Review of cargo throughput for three months period October 2008 to December 2008 (after start of recession in September 2008) has shown a negative growth. Cargo throughput has fallen by 1 million tonnes during the said period of three months as compared to the corresponding period of last year. Container traffic for the same period also shows a negative growth.

- (ii). Crude traffic is a major source of revenue for KOPT. Crude is being handled through pipe line from Paradip from December 2008. It would be difficult to envisage immediately the likely reduction in the quantum of POL traffic.
- (iii). Revision of Pay & Allowances and Pension of Port and Dock Employees is already due and likely to be announced shortly. This will result in significant increase in cost. Therefore, it will have a material impact on the tariff.
- (iv). KOPT would like to review its actual financial position for the year 2008-09 before submission of its proposal to the Authority.

3.2. The KOPT has requested this Authority to permit it to file its proposal for general revision of Scale of Rates by 30 June 2009 and extend the validity of its existing Scale of Rates for 6 months without effecting any reduction in the existing rates.

4. Considering the position that the KOPT is encountering difficulties to estimate traffic for the reasons which are beyond its control and taking into account the position reported by KOPT that it wants to review the actual financial position of the port for the year 2008-09 before finalizing its proposal for general revision of tariff, this Authority extends the validity of the existing Scale of Rates of KOPT till 30 September 2009 with a direction to the KOPT to file its proposal for general revision of its Scale of Rates latest by 30 June 2009, as agreed by it.

5. Surplus over and above the admissible cost and permissible return accruing for the period after 1 April 2009 will be set-off fully, in the tariff to be fixed for the next cycle.

(Arvind Kumar)
Member