TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 47 New Delhi, 6 April 2005

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 approves an
interim tariff arrangement for operations of India Gateway Terminal Private Limited at
the Cochin Port, as in the Order appended hereto.

( A.L. Bongirwar )
Chairman
The IGTPL has reportedly entered into a Licence Agreement (LA) with the Cochin Port Trust (COPT) on 31 January 2005 for taking over the operation and management including necessary development, modification of facilities of the Rajiv Gandhi Container Terminal (RGCT) and development, construction, operation and management of International Container Transhipment Terminal at Vallarpadam in Cochin Port Trust. This case relates to a proposal received from the IGTPL for fixation of interim tariff for its operation at RGCT which is proposed to commence from 1 April 2005.

2. The IGTPL has not filed any cost details in the prescribed format indicating the estimated cost/projected investment position for operating the RGCT. The IGTPL has proposed to levy the existing tariff prescribed in the Scale of Rates of the COPT for container related operations. Since operation at the RGCT is proposed to be commenced shortly, it has requested this Authority to approve and notify the proposed tariff arrangement as an interim measure for a period of three months from 1 April 2005 to 30 June 2005. It has agreed to file a detailed proposal based on their cost of operation and investment before June 2005.

3. The IGTPL has also forwarded letters from the COPT, the Cochin Steamer Agents’ Association, Custom House Agents’ Association, Cochin Chamber of Commerce and Industry, Container Shipping Lines Association and the Shipping Corporation of India giving their consent to the proposed interim tariff arrangement.

4. For meaningful fixation of tariff, investment and cost details of operation are essential. No such details are made available in this case. It may be relevant to mention that the Scale of Rates of the COPT was fixed taking into consideration the cost position reflected by the port which may not be relevant for the private operator. As a part of privatisation process, this Authority would have very much liked the operator to approach TAMP well in time so that tariff could have been fixed before the final taking over of the facilities by the private operator. Since the operation is reported to be commencing from the 1 April 2005 and also recognising that the COPT and concerned representative bodies of port users have given their consent to the proposed interim measure, this Authority would like to take some initiative. In order that operations continue from 1 April 2005, this Authority approves adoption of the existing Scale of Rates of COPT for container operations by IGTPL for its operation as an interim measure for a period of three months from 1 April 2005 to 30 June 2005. The relevant conditionalities prescribed in the Scale of Rates of COPT will apply in the case of IGTPL also during the operation of interim tariff.

5.1. The approval for the interim tariff arrangement is subject to the IGTPL filing a comprehensive proposal in the prescribed format bearing in mind the revised guidelines for tariff fixation announced recently along with all the relevant supporting details latest by 30 April 2005, so that TAMP can decide by 30 June 2005 after internal scrutiny and usual consultation with relevant parties.
5.2. If the final Order cannot be passed by this Authority by 30 June 2005, then the interim tariff arrangement approved now will continue beyond 1 July 2005 till fixation of final rates subject to a uniform reduction in the interim rates by 10%.

6. Ordinarily, the rates approved by this Authority are implemented after allowing a lead time. Since IGTPP will commence operation from 1 April 2005, it is necessary to waive the lead time for implementation of the approved rates in this case. The interim tariff arrangement approved for IGTPP shall come into effect from 1 April 2005.

(A.L. Bongirwar)
Chairman