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TARIFF AUTHORITY FOR MAJOR PORTS

G No. 78

New Delhi,

29 March 2010

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 from the New Mangalore Port Trust for modifying the Registered Cargo Handling Wing levy from the existing percentage based levy to per tonne basis as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/41/2008 - NMPT

New Mangalore Port Trust

Applicant

ORDER

(Passed on this 3rd day of March 2010)

This case relates to the proposal dated 24 July 2008 filed by the New Mangalore Port Trust (NMPT) for modifying the existing percentage based levy for deploying workers from the Registered Cargo Handling Wing (RCHW) to commodity-wise per tonne rate.

2.1. The NMPT has proposed the following:

- (i). Commodity-wise per tonne rate is proposed linking it to the average productivity per gang per vessel.
- (ii). Penalty in the range of 10% to 30% of the proposed rate for handling at a rate below the average productivity level.
- (iii). 10% additional levy will be charged on the rates proposed for recovery of DA arrears of Rs.1.42 crores in view of Audit observations and as approved by TAMP under Order No.TAMP/77/2003-Misc dated 16 April 2008. (It is relevant to mention here that no such tariff as referred by NMPT has been approved by the Authority. The Authority has in its Order passed in 11 May 2006 while approving general revision of Scale of Rates of NMPT rejected the proposal of NMPT for additional levy towards recovery of DA arrears amounting to Rs.1.42 crores on the grounds that it can be adequately covered from the overall surplus position of the port.)

2.2. There was no consensus amongst the members of Board of the New Mangalore Port Trust over the rates proposed.

3.1. In accordance with the consultative procedure prescribed, the NMPT proposal was forwarded to the concerned users / user organisations for their comments.

3.2. The Association of the New Mangalore Port Stevedores has submitted that as compared to other ports the handling cost at NMPT is high. The proposed tonnage based rate will only result in increase in handling cost at port thus driving away the existing labour handled cargo items from the port. Some of the user Associations have pointed out that the productivity is not commensurate with the existing manning levels even though all kinds of excessive incentives and ghost monies are paid. They have suggested to consider manning scale at reasonable level as finalised by the National Tribunal Award for Major Ports. Datum levels to reflect the average productivity achieved in the last three years and to rationalise ghost monies to the levels prevailing in neighbouring ports. Users have also objected to the proposed penalty and insisted that the NMPT should give performance assurance of its labours.

3.3. The comments received from users/user organisations were forwarded to NMPT as feedback information. The NMPT has not furnished any comments on the comments of users / user organisations.

4. Based on a preliminary scrutiny of the proposal, the NMPT was requested to furnish additional information/ clarifications on various points vide our letter dated 11 May 2009. The port has not furnished its reply despite reminders.

5.1. A joint hearing in this case was held on 17 December 2009 at the New Mangalore Port Trust.

5.2. The proceedings relating to consultation in this case are available on records at the office of this Authority. The main submissions made by the NMPT and users / user associations at the joint hearing will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>.

6. At the joint hearing, the NMPT pointed out the necessity to update and recast its proposal in view of the recent introduction of revised manning scales as per the National Tribunal Award. The port was allowed 4 weeks time to file its updated proposal after examining the request made by users for performance assurance by the port and to explore the possibilities of introducing performance based tariff scheme which will not only impose penalty for underperformance but also encourage efficiency.

7. The NMPT has vide letter dated 15 February 2010 submitted that the recent announcement of wage revision for its employees with retrospective effect from 1 January 2007 will have a bearing on the proposed rates. Only after the entire exercise of wage revision is completed, the port feels necessary data can be accurately compiled. The port has, therefore, sought time April 2010 to file a revised updated proposal.

8. The revised proposal (to be) filed by the port after capturing the impact of the recent wage revision announced for the employees of major port trusts and other suggestions made by the users/ user association particularly about considering the revised manning scale as per the National Tribunal Award, etc., will result in change in the tariff proposed by the port in the original proposal. Consequently, fresh examination of the proposal and consultation with the users will be involved. No useful purpose would, therefore, be served by keeping this proceeding open indefinitely.

9. In the result, and for the reasons given above and based on a collective application of mind, this Authority closes the proceedings relating to the proposal dated 24 July 2008 filed by NMPT as withdrawn. The revised proposal when received from the port will be treated afresh. The port is advised to formulate its revised proposal taking into consideration the observations and suggestions made by the users and this Authority while processing this case.

(Rani Jadhav)
Chairperson

**SUMMARY OF THE MAIN SUBMISSIONS MADE BY THE NMPT AND THE PORT USERS /
DIFFERENT USER ORGANISATIONS AT THE JOINT HEARING BEFORE THE AUTHORITY**

F. No. TAMP/41/2008-NMPT - **Proposal from the New Mangalore Port Trust for introduction of RCHW levy and wages from the existing pattern to per tonne basis.**

A joint hearing in this case was held on 17 December 2009 at the New Mangalore Port Trust. At the joint hearing, the NMPT and the users/ user associations have made their submissions. The main submissions made by them are as follows:

New Mangalore Port Trust

- (i). Our proposal is based on an earlier advice given by TAMP to adopt per tonne structure.
- (ii). We will give updated cost position. With the implementation of Tribunal Award, idle wage has increased which warrants revision of the proposed rates.
- (iii). In COPT, the per tonne rate is merged with cargo wharfage. No problem was faced.
- (iv). We implemented Tribunal Award. We have reduced maximum scale by 33%.
- (v). We have constituted a committee of Trustees to look into the review of datum.

Stevedores Association

- (i). Manning scales should be brought down.
- (ii). Datum should be reviewed immediately.
- (iii). We, as stevedores, pay lot of ghost money. It should be rationalized.
- (iv). If performance is poor, port labour should be made responsible. Why should stevedores pay for underperformance.
- (v). The proposed rate is misleading, as it does not reflect the total cost to the stevedores in using the port.
- (vi). We request the existing system to continue.

The Kanara Chamber of Commerce and Industry

- (i). TAMP constituted working Group in 2001. Please take into consideration their recommendation.
- (ii). We request NMPT to review datum for incentive payment.
- (iii). When tariff structure is rationalized, the operational aspect should also be rationalized.
