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Tariff Authority for Major Ports

G.No. 31

New Delhi,

25 January 2017

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 Labour Cess for Iron Ore Pellets handled at Iron Ore Handling Plant (IOHP) on an adhoc basis at the Paradip Port Trust, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/55/2016-PPT

Paradip Port Trust

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QUORUM

Applicant

- (i). Shri. T.S. Balasubramanian, Member (Finance)
- (ii). Shri. Rajat Sachar, Member (Economic)

ORDER

(Passed on this 4th day of January 2017)

This case relates to a proposal received from Paradip Port Trust (PPT) for introduction of Labour Cess for Iron Ore Pellets handled at Iron Ore Handling Plant (IOHP). The PPT in its proposal dated 8 September 2016 has proposed a rate of ₹. 70/- for handling of Iron Ore Pellets.

2.1. The PPT vide its letter dated 8 September 2016 has made the following submissions:

- (i). The PPT is also handling Iron Ore Pellets in IOHP. The parties are willing to handle Iron Ore Pellets in the similar way of thermal coal.
- (ii). M/s Jindal Steel & Power have agreed to pay labour cess of ₹. 70/- per MT which can be utilised towards recovery of outgo of fund towards Special Severance Package (SSP) of Clearing, Forwarding & Handling (CFH) workers.
- (iii). The levy of labour cess of ₹. 70/- per MT towards Iron Ore Pellets has also got the approval of Board of Trustees.

2.2. With the above submissions, the PPT has requested this Authority to approve the proposed labour cess of ₹. 70/- per MT for handling of Iron Ore Pellets on adhoc basis, as has been done in case of Labour Cess for Handling of Thermal Coal, pending final approval.

3. The existing Scale of Rates (SOR) of PPT approved in March 2011, prescribes the rates for handling of Iron Ore through IOHP. However, no rates have been prescribed for handling of Iron Ore pellets through IOHP. Hence, the PPT has come up with the proposal in reference.

4. In accordance with the consultative procedure prescribed, a copy of the PPT proposal dated 8 September 2016 was forwarded to the concerned users/ user organisations vide our letter dated 16 September 2016 seeking their comments. None of the users/ user organisations have furnished their comments so far. A joint hearing on the case in reference has also been held on 27 September 2016.

5. Based on a preliminary scrutiny of the proposal, while acknowledging the proposal, the PPT was requested vide our letter dated 16 September 2016 to furnish some information/ clarification. The PPT has responded vide its letter dated 26 December 2016. The response of PPT is under scrutiny.

6. With regard to the request made by PPT, it is relevant to draw reference to Clauses 5.7.1 to 5.7.5 of the Working Guidelines issued to operationalize the Tariff Policy, 2015. As per Clause 5.7.1. of the Working Guidelines, whenever a specific tariff for a service / cargo is not available in the SOR of the particular port or any other major port, then the port can file a proposal for notification of tariff for the said new cargo / service. Further, as per Clause 5.7.3. and 5.7.4 of the Working Guidelines, with the submission of proposal, the port can simultaneously levy the proposed rate on an adhoc basis in consultation with the concerned users, till the rate is finally notified.

7. Accordingly, the proposal filed by the PPT is for levy of rates for handling of Iron Ore Pellets, for which no tariff is available in the PPT SOR. As stipulated in Clause 5.7.3. of the Working Guidelines, with the submission of the proposal, the PPT has sought approval for levy of rates on adhoc basis, on the ground that handling of Iron Ore Pellets has already commenced. In

this connection, PPT has stated that the adhoc rate of ₹ 70/- per MT is based to the request made by users to PPT. The documents furnished by PPT shows that the ad hoc rate is in consultation with the users.

8.1. In view of the above position and considering that PPT has already commenced handling of iron ore pellets at IOHP, this Authority is inclined to grant adhoc approval to levy of the labour cess on handling of Iron Ore pellets via IOHP at the port by PPT, at the rate of ₹ 70/- per MT subject to the condition that if the final rate fixed by the Authority is lower than the adhoc rate of ₹ 70/- per MT, the difference between the final rate and the adhoc rate will have to be refunded by the PPT to the concerned users.

8.2. Since the PPT has already commenced handling of Iron Ore pellets at IOHP, the adhoc rate of ₹ 70/- per MT shall come into effect from the date of commencement of handling of iron ore pellets at IOHP.

(T.S. Balasubramanian)
Member (Finance)