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Tariff Authority for Major Ports

G.No. 275

New Delhi,

04 July 2016

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 Paradip Port Trust for introduction of Labour Cess on Ad hoc basis, for the thermal coal handled at Iron Ore Handling Plant (IOHP) as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/31/2016-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 21st day of June 2016)

This case relates to the proposal received from Paradip Port Trust (PPT) for introduction of Labour Cess for the thermal coal handled at Iron Ore Handling Plant (IOHP). The PPT in its proposal dated 24 May 2016 has proposed a rate of `130/- per MT for handling of thermal coal at IOHP.

2. The Proposal has been taken up on consultation with the concerned users/ user organisations. The proposal is under scrutiny for seeking some information / clarification with regard to the proposed rate.

3. In the meanwhile, the PPT vide its communication dated 8 June 2016 have made following submissions: -

- (i). The two concerned exporters, namely NTPC Tamilnadu Energy Company Ltd (NTECL) and TANGEDCO, while agreeing for the proposed levy, had requested PPT to further reduce the proposed labour cess. In response to the request, the PPT has agreed to reduce the rate from `130/- per MT to `120/- per MT.
- (ii). As handling of Thermal Coal at IOHP has already commenced, it is requested to approve the rate of `120 per MT on ad hoc basis, in case final approval will take some time.
- (iii). It is informed that on receipt of the final approval of the rate, the necessary adjustment will be made on the amount received under this head, during the intervening period.

4.1. 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.

4.2. As per Clause 5.7.1. of the Working Guidelines, whenever a specific tariff for a service / cargo is not available in the Scale of Rates (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.

5.1. Accordingly, the proposal filed by the PPT is for levy of rates for handling of coal through IOHP, for which no tariff is available in the PPT Scale of Rates.

5.2. 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 thermal coal at IOHP has already commenced.

5.3. In this connection, PPT has stated that the adhoc rate of `120/- 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.

5.4. Further, the PPT has stated that on receipt of final approval of the rate, the necessary adjustment will be made on the amount received under this head, during the intervening period.

6.1. The proposal filed by PPT has been taken up on consultation. A joint hearing on the case in reference is yet to be held. Thus, it may take some more time for the case to mature for final disposal of this Authority.

6.2. In view of the above position and considering that PPT has already commenced handling of coal at IOHP, this Authority is inclined to grant adhoc approval to the levy of the labour cess on thermal coal received through BOXN wagons and handled via IOHP at the port, by PPT, at the rate of `120/- per MT, which will be effective from the date of commencement of service at IOHP, subject to the condition that if the final rate fixed by this Authority is lower than the adhoc rate of `120/- per MT, the difference between the final rate and the adhoc rate shall be refunded by the PPT to the concerned users.

6.3. Since the PPT has reported to have already commenced handling of thermal coal at IOHP, the adhoc rate of `120/- per MT shall come into effect from the date of commencement of service at IOHP.

(T.S. Balasubramanian)
Member (Finance)