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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.356

New Delhi,

28 September 2016

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby issues amendment to the revised Scale of Rates (SOR) approved by this Authority vide Order no.TAMP/9/2016-VPT dated 21 June 2016, as in the Order appended hereto.

(T.S. Balasubramanian)

Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/9/2016-VPT

Visakhapatnam Port Trust

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Applicant

QUORUM

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

ORDER

(Passed on this 17th day of September 2016)

This case relates to the amendment to the revised Scale of Rates (SOR) of the Visakhapatnam Port Trust (VPT) approved by this Authority vide Order No.TAMP/9/2016-VPT dated 21 June 2016.

2.1. This Authority has passed an Order No.TAMP/9/2016-VPT dated 21 June 2016, approving the revised Scale of Rates and Performance Standards with reference to the proposal received from the Visakhapatnam Port Trust (VPT) for general revision of its Scale of Rates (SOR).

2.2. The revised Scale of Rates alongwith Performance Standards approved by this Authority were notified vide Gazette No.305 dated 22 July 2016.

3.1. With reference to the revised SOR approved by this Authority, the VPT has requested to consider a few amendments in its Scale of Rates. The points made by the VPT, the relevant extract from the tariff Order dated 21 June 2016 and our analysis thereon are dealt herein below in seriatim.

(i). **Note-9 under Section-4, Schedule 4.1 – Wharfage:**

- (a). The provision prescribed at Note 9 under Schedule 4.1 – Wharfage in the revised SOR notified on 22 July 2016 is as follows:

“The materials brought for 100% EOU and if any document issued by Government of India specifies that the equipment/material is utilized for project purpose, then it is treated as project consignment.”

- (b). Submissions made by VPT:
The VPT has submitted that in practice rebate of 25% in wharfage charges is given for project consignment that is accepted by customs Authorities as project cargo and hence the port has requested to delete **“the materials brought for 100% EOU and”** from the said Note No. 9.

- (c). Analysis:

- (i). During the processing of the case, the Visakhapatnam Steamship Agents Association (VSAA) had intimated that 25% concession in wharfage charges is proposed for project cargo. But, what is project cargo is not defined. As brought out in the summary of comments attached to the speaking Order dated 21 June 2016 at Sl. No. (5)(x) of Para 3, with reference to clarification sought by VSAA on what is project cargo, the VPT vide its letter dated 19 May 2016 has clarified that “the materials brought for 100% EOU and if any document issued by Government of India specifies that the equipment/material is utilized for project purpose, then it is treated as project consignment”. Accordingly, a note no. 9 was inserted in the Schedule based on the clarification of the VPT.

- (ii). The VPT has now requested to delete the words “**the materials brought for 100% EOU and**” from the said note prescribed stating that in practice rebate of 25% in wharfage charges is given for project consignment that is accepted by customs Authorities as project cargo.

- (d). Recommendation:

In view of the above submissions made by VPT, the existing Note no.9 under Schedule 4.1 under Section 4 is slightly modified by deleting the words as suggested by VPT.

- (ii). **Note below the table in Schedule 4.7.4.1 - Levy on Time Rate Wages, under Section 4:**

- (a). The relevant Schedule 4.7.4.1 along with the notes prescribed there in is given below:

“4.7.4.1. Levy on Time Rate Wages:

Description	Percentage of Levy on Time Rate Wage
<i>For all Cargo availing services of cargo handling worker from Cargo Handling Division including Thermal coal availing services of cargo handling worker for wagon unloading.</i>	150%

Note: 100% wages will be charged but not levy

Notes:

- 1. The levy indicated above is in addition to recovery of time rate wages and piece rates payable to workers as per the respective clauses of prevailing wage settlement/ incentive scheme.*
- 2. The above levy is payable by the stevedores to the VPT.*
- 3. In cases where requisition for CHD labour is less than a shift based on the berthing of the vessels, the levy will be charged at actual number of hours.*
- 4. If a vessel is completed prior to closing of a shift, the levy will be limited, to actual number of hours till completion.*
- 5. In both the cases at Sl.No.3 and Sl.No.4, 100% wages will be recovered.”*

- (b). Submissions made by VPT:

The VPT has submitted that Note 5 to Levy of Time Rate Wages under Section 4.7.4.1 explains that 100% wages will be recovered in case requisition of CHD labour is less than a shift or prior to closing of a shift (note 3 and 4). Hence VPT has requested to delete the additional note “100% wages will be charged but not levy” prescribed just below the table as it is duplication.

- (c). Analysis:

- (i). The note inserted in the SOR of VPT below the table in schedule 4.7.4.1 is based on the note proposed by VPT in the draft SOR.

- (ii). As rightly stated by VPT Note No. 5 under the schedule 4.7.4.1 proposed by VPT and approved by this Authority clarifies that 100% wages will be recovered. Hence, the suggestion of the VPT to delete the note immediately under the schedule 4.7.4.1 is accepted to remove the duplication.

- (d). Recommendation:

In view of the above submissions made by VPT, the Note immediately below the table in Schedule 4.7.4.1- Levy on Time Rate Wages is deleted.

3.2. Thus, in short, for the reasons given by the port now, the two amendments to the existing provisions in the SOR are approved as suggestion by the VPT.

4. Since these are amendments to the SOR notified by this Authority vide Order No.TAMP/9/2016-VPT dated 22 July 2016, it is made effective from the date the revised SOR has come into effect after expiry of 30 days from the date of notification of the SOR is Gazetted on 22 July 2016 i.e. with effect from 21 August 2016.

5.1. In the result, and for the reason given above, and based on collective application of mind, this Authority approves the following amendments in the existing Scale of Rates of VPT approved by this Authority vide Order No.TAMP/9/2016-VPT dated 21 June 2016:

- (i). **The existing note no.9 in schedule 4.1 – Wharfage under Section 4 in the SOR is replaced with the following:**

“Notes: (9) in schedule 4.1 wharfage under Section 4:

If any document issued by Government of India specifies that the equipment/material is utilized for project purpose, then it is treated as project consignment”.

- (ii). The note immediately below the Schedule 4.7.4.1 – Levy on Time Rate Wages stating that “100% wages will be charged but not levy” is deleted.

5.2. The above amendments approved to the existing SOR shall come into effect from the date the revised SOR notified vide Order No.TAMP/9/2016-VPT dated 21 June 2016 has come into effect i.e. with effect from 21 August 2016.

6. The VPT is advised to modify the Scale of Rates accordingly.

(T.S. Balasubramanian)
Member (Finance)