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**Tariff Authority for Major Ports**

G. No.103

New Delhi

24 March 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 disposes of the proposal received from Paradip Port Trust for introduction of Labour Cess for Iron Ore Pellets for handling at Iron Ore Handling Plant, 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

...  
**QUORUM**

Applicant

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

**ORDER**

(Passed on this 8<sup>th</sup> day of February 2017)

This case relates to a proposal received from the Paradip Port Trust (PPT) for introduction of Labour Cess for Iron Ore Pellets for handling at Iron Ore Handling Plant (IOHP).

2.1. The existing Scale of rates (SOR) of PPT approved in March 2011 prescribes the rates for handling of Iron Ore through IOHP at Sl. No (5) of section 2.1 of the existing Scale of Rates of PPT as given below:

SI No.	Description of goods		Rate per MT or part thereof ₹	
			Foreign	Coastal
5.	(a)	Iron Ore (through IOHP)		
		(i) Shipment upto 1.0 MTPA	23.45	23.45
		(ii) Shipment between 1.0 MTPA and 1.5 MTPA	20.05	20.05
	(iii) Shipment above 1.5 MTPA	16.65	16.65	
	(b)	Tippling charges	20.40	20.40
(c)	Iron Ore (Manual)	23.45	23.45	

2.2. However, the existing SOR of PPT does not prescribe rates for handling of Iron Ore pellets through IOHP. Hence, the PPT has come up with the proposal in reference.

3.1. The main points made by the PPT in its proposal dated 8 September 2016 are summarised below:

- (i). The Iron Ore Berth (IOB) with 2 tippers attached to the berth is the oldest berth of PPT which was commissioned in 1966 primarily for mechanized tipping of Iron Ore from wagons and loading of Iron Ore mechanically by the ship loader at the berth. Over the years, this mechanical system at the berth has been modernized with further capital infusion from time to time.
- (ii). During 2012-13 due to various policies of the Central and State Government, the shipment of Iron Ore cargo stopped, which got coupled with slowing down demand from China. The PPT utilized this facility for tipping of Thermal Coal from BOXN (Open-top wagon) wagons for mechanized loading of Thermal Coal of TANGEDCO & NTECL through IOHP.
- (iii). The average engagement of Clearing, Forwarding & Handling (CF&H) workers who were engaged for unloading of BOXN Thermal Coal rakes, was drastically reduced. This Thermal Coal Cargo was shifted to Mechanised Coal Handling Plant (MCHP) storage area and was mechanically loaded to ship. Consequently, from 14 November 2014 the tippler at IOHP had remained idle, primarily to ease the problem created by CF&H workers under the Management Committee.
- (iv). It was considered by the PPT Board of Trustees (as per the decision of the CF&H Workers Management Committee) to extend the financial grant by PPT to fund the Voluntary Retirement Scheme (VRS) of CF&H workers with the clearance of MOS

for ending with CF&H workers problem/industrial dispute, which will pave the way for resumption of mechanized handling of Thermal Coal through IOHP tippler. The BCG, the consultant appointed by MOS (through IPA), had earlier advised the PPT to explore this benefit that would create additional handling of 3.5 lakh MT of Thermal Coal for export from IOHP as the same would be beneficial to Thermal Coal exporters apart from influencing the other efficiency parameters of PPT.

- (v). Based on recommendation of Trustees Sub-Committee constituted by PPT Board, the Central Govt. clearance was sought on the following issues:
- (a). To allow PPT for funding of ₹. 49 Cores, as a grant to the Management Committee for allowing VRS of 320 workers. The proposed grant may be realized by handling 2 rakes manually and 2 rakes mechanically through tippler per day. The amount of ₹. 49 Cores incurred to fund the VRS will be recouped within two years.
  - (b). To allow PPT for comprehensive VRS for balance 740 workers after they opted for the same, by keeping the VRS open for next 12 months for which the total amount of ₹. 127 Cores as grant may be provided by PPT. The above amount can be recouped by switching over to complete mechanized unloading of 4 BOXN Thermal Coal rakes in a day, so that the amount of ₹. 127 cores grant can be recouped in another two and half years.
  - (c). It was considered and agreed that, though the prevailing situation in PPT and Govt. policy do not permit any regulation, however, the entire facts and events explained in foregoing chapter may be placed before the MOS for taking sympathetic view considering the long association of balance CF&H workers for their multi decades of contribution for the growth of the port.
  - (d). In view of the request received from the workers as well as the Unions of CF&H workers, MOS was requested to examine the issue sympathetically about workers regularization issue and issue appropriate orders so that the industrial peace and harmony at PPT is not disturbed.
- (vi). The MOS, Govt. of India vide letter no. LB-1601/5/2013-DO(L), dated 22 March 2016 gave its "No Objection" to PPT to extend grant to Management Committee for funding Special Severance Package (SSP) (which was termed as VRS) by the Management Committee. MOS also advised PPT that it should ensure recouping the grant so extended by imposing "Labour Cess" on Thermal Coal to be handled through IOHP.
- (A copy of the letter in reference from MOS No. LB-16017/5/2013-DO (L) dated 22 March 2016 has been furnished by the PPT alongwith its proposal dated 24 May 2016 for levy of Labour Cess for Handling of Thermal coal via IOHP.)
- (vii). The PPT has already extended ₹. 77,81,19,663/- as grant to Management Committee as follows:

Sr. no.	Date of Grant	No of CF&H workers under SSP	Amount of grant extended by PPT (in ₹.)
1	05.05.2016	283	43,64,03,213/-
2	31.05.2016	188	34,17,16,450/-
	<b>Total</b>	471	77,81,19,663/-

Further, the SSP for CF&H workers as per earlier decisions is open for one year w.e.f. 22.03.2016 to 21.03.2017 and as per clearance of MOS, PPT will extend

further amount of ₹. 98,18,80,337/- as grant (out of total approx. grant of ₹. 176 Crores) for funding the SSP of balance CF&H workers.

- (viii). The total amount of expenditure can be recouped by PPT by imposing "Labour Cess" which was proposed as ₹. 130/- per ton. The same has been finally agreed mutually to ₹. 120/- per ton by PPT, TANGEDCO and NTECL and same was approved by TAMP vide its Order no. TAMP/31/2016-PPT dated 21 June 2016 on adhoc basis for Thermal Coal.
- (ix). Subsequently, the PPT realized that the spare capacity of the plant can be utilized for handling of Iron Ore Pellets which was moving through neighboring private port, primarily with a view to realize the potential for generation of about 3.5 lakh tonnes of cargo per month for the idle IOHP system. The parties of PPT are willing to handle Iron Ore Pellets in the similar way of thermal coal (Mechanical handling via Tippler).
- (x). It is understood that, such Iron Ore Pellets can immediately move to PPT, if the Labour cess to be levied is comparatively less than the Labour cess considered on Thermal Coal to make the total expenditure for shipment of Iron Ore Pellets through IOHP competitive to the total cost incurred at the neighboring private port.
- (xi). An analysis done in the matter envisages that Iron Ore Pellets can give an optimal ship day productivity of about 25,000 MTs in comparison of ship day productivity of 14,913 MTs in case of Thermal Coal through IOHP achieved in 2014-15.
- (xii). Therefore, considering the ship day productivity of Iron Ore Pellets and even if PPT railway distance is approx.30 kms more than the private port, the shipper is likely to bear additional cost of approx. ₹.59/- per tonne in railway freight plus Labour cess if charged ₹. 120/- per tonne. Therefore, it was considered to charge ₹. 70/- as Labour cess on Iron Ore Pellets through IOHP also.
- (xiii). Commensurate with this development, PPT saw opportunities of handling Iron Ore for Coastal/ Foreign export as the Central Government took decisions to rationalize the Custom Duty on Iron Ore fines coupled with decision of the Railway Board to remove the "Duel Freight Structure" for Iron Ore movement by wagons which was earlier being charged for domestic and export purpose. This has resulted in resumption in movement of Iron Ore for mechanized tipping through IOHP. However, no Labour Cess has been considered for imposing on Iron Ore fines, as IOHP is primarily designed for handling Iron Ore and the approved SOR of PPT by TAMP not considered any levy of Labour Cess.
- (xiv). The proposed levy of labour cess of ₹. 70/- per MT towards handling of Iron Ore Pellets has the approval of Board of Trustees of PPT.  

(The PPT has furnished copy of the Proceedings of the Board Meeting, which reflects the approval of the Board of Trustees for the proposed levy of ₹. 70/- per MT towards handling of Iron Ore Pellets at IOHP.)
- (xv). One of the user organisations M/s Jindal Steel & Power has agreed to pay additional Cess of ₹. 70/- per MT for their cargo being mechanically handled from tipping to vessel loading with regard to Iron ore pellets, in addition to the current statutory port charges with regard to mechanical handling of iron ore pellets.  

(A copy of the letter of M/s Jindal Steel & Power is furnished by PPT.)

3.2. In this backdrop, 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.

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 till the case was taken up for finalization.

5. While acknowledging the proposal, the PPT was requested vide our letter dated 16 September 2016 to furnish Annexures forming part of the Agenda note placed by the PPT before its Board of Trustees. The PPT was also requested to furnish additional information/ clarification on few points. After reminders dated 17 October 2016 and 16 November 2016, the PPT under cover of its e-mail dated 26 December 2016 has responded. The information/ clarification sought by us and the response of PPT thereon are tabulated below:

Sl. No.	Information/ clarification sought by TAMP	Response of PPT																																
(a).	The PPT in its proposal dated 8 September 2016, has requested the Authority to approve the recovery of Labour Cess @ ₹. 70/- per MT, on Ad-hoc basis, for Handling of Iron Ore Pellets through Iron Ore Handling Plant (IOHP) to enable to recover the amount paid to Management Committee to meet the liability of Voluntary Retirement Scheme (VRS) for Clearing, Forwarding & Handling (CF&H) workers. In this regard, it is relevant to mention here that as per the Tariff Policy, 2015, the purpose of any levy is to enable the port to recover the cost of rendering the services and a component of return on the investments. In this backdrop, the PPT to formulate the proposal of seeking approval for Labour Cess to recover the cost of rendering the service to handle Iron Ore Pellets through Iron Ore Handling Plant (IOHP) and the Return on the related investment.	<p>As per the approval of Govt. of India, PPT has to bear the cost of SSP for CF&amp;H workers of Management Committee which stands at ₹. 176 crores. This amount may be treated as investment of PPT which is to be recovered through the proposed labour cess including interest. Considering the present trend of traffic during last 7 months (May 2016 to Nov 2016) 1.5 million MT of cargo i.e. thermal coal and Iron Ore Pellet will be handled in IOHP. Accordingly, a calculation of recovery of investment along with interest for next 3 years considering ₹. 110 per tonne as labour cess is given below. The labour cess will continue to be charged till the total amount of investment and interest on investment is recovered.</p> <p>1<sup>st</sup> Year</p> <table border="1" data-bbox="818 1144 1370 1742"> <thead> <tr> <th>Particulars</th> <th>Amount in ₹</th> </tr> </thead> <tbody> <tr> <td>Cost of investment (SSP)</td> <td>176,00,00,000</td> </tr> <tr> <td>Interest (8%)</td> <td>14,08,00,000</td> </tr> <tr> <td></td> <td>190,08,00,000</td> </tr> <tr> <td>Labour Cess per tonne</td> <td>110</td> </tr> <tr> <td>Quantity per annum (considering actual of 8.5 lakh tonnes handled for 7 months)</td> <td>15,00,000</td> </tr> <tr> <td>Amount to be recovered annually</td> <td>16,50,00,000</td> </tr> <tr> <td>Indirect net revenue generation on account of tipping, IOHP charges, terminal charges, haulage charges @ ₹100/- per tonne.</td> <td>15,00,00,000</td> </tr> <tr> <td></td> <td>31,50,00,000</td> </tr> <tr> <td>Carry forward to next year</td> <td>158,58,00,000</td> </tr> </tbody> </table> <p>2<sup>nd</sup> Year</p> <table border="1" data-bbox="818 1771 1370 2018"> <thead> <tr> <th>Particulars</th> <th>Amount in ₹</th> </tr> </thead> <tbody> <tr> <td>Cost of investment (SSP)</td> <td>158,58,00,000</td> </tr> <tr> <td>Interest (8%)</td> <td>12,68,64,000</td> </tr> <tr> <td></td> <td>171,26,64,000</td> </tr> <tr> <td>Labour Cess per tonne</td> <td>110</td> </tr> <tr> <td>Quantity per annum (considering actual of 8.5 lakh tonnes handled for 7</td> <td>15,00,000</td> </tr> </tbody> </table>	Particulars	Amount in ₹	Cost of investment (SSP)	176,00,00,000	Interest (8%)	14,08,00,000		190,08,00,000	Labour Cess per tonne	110	Quantity per annum (considering actual of 8.5 lakh tonnes handled for 7 months)	15,00,000	Amount to be recovered annually	16,50,00,000	Indirect net revenue generation on account of tipping, IOHP charges, terminal charges, haulage charges @ ₹100/- per tonne.	15,00,00,000		31,50,00,000	Carry forward to next year	158,58,00,000	Particulars	Amount in ₹	Cost of investment (SSP)	158,58,00,000	Interest (8%)	12,68,64,000		171,26,64,000	Labour Cess per tonne	110	Quantity per annum (considering actual of 8.5 lakh tonnes handled for 7	15,00,000
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(b).	The PPT to indicate the annual volume of Iron Ore Pellets estimated to be handled via IOHP.	Already clarified at point (a) above.																														
(c).	The PPT is reported to have arrived at the rate of proposed Labour Cess for Iron Ore pellets at ₹.70/- per MT by considering a ship day productivity of Iron Ore Pellets at about 25000 MTs and the fact that PPT railway distance is approx. 30 kms more than private port. In this connection, the PPT to furnish a detailed working in support of ₹.70/- per MT alongwith the basis for the various assumptions, if any, relied upon.	The labour cess should have been fixed beyond ₹. 70/- per tonne. However, it was agreed mutually to fix at ₹. 70/- per tonne to attract new cargo. Anything beyond ₹. 70/- will be costlier as compared to neighboring ports and cargo may be diverted.																														
(d).	The PPT to propose the draft SOR of Labour Cess along with conditionalities to govern the application of rates to be incorporated in its existing SOR.	<p>PPT has already submitted its proposal to TAMP for revision of General SOR which includes labour cess for cargo to be handled at IOHP other than iron ore.</p> <p>[The Port is seen to have proposed the following in the proposed draft Scale of Rates relating to general revision proposal under 'Miscellaneous charges' -</p> <p><b>“4.9. Labour cess for tipping in IOHP.</b>  a) Iron ore pellet ₹. 70 per tonne  b) Thermal coal ₹.120 per tonne”]</p>																														
(e).	As per Tariff Policy, 2015, read	The proposed performance standard of IOHP																														

	alongwith the Working Guidelines issued to operationalize the Tariff Policy, the PPT was requested to propose Performance Standards for the proposed levy.	for handling Iron Ore Pellet is 15,000 MT per day which is already indicated in the General SOR submitted to TAMP. [The Port is seen to have proposed average berth day output of 15000 tonnes for iron ore pellets in IOHP in its General revision proposal.]
(f).	While filing the proposal, the PPT has furnished a copy of letter sent to M/s Jindal Steel & Power Limited dated 04 June 2016, which indicates that, the PPT has already started handling of Iron ore pellets through IOHP and has implemented the proposed Labour Cess at ₹.70/- per MT. However, the PPT has not indicated proposed / actual period (if already implemented) for which the proposed Labour Cess would be applicable.	The labour cess will continue to be charged till the amount is received as is already indicated at point (a) above.

6. A joint hearing on the case in reference was held on 27 September 2016 at the PPT premises. At the joint hearing, the PPT made a brief power point presentation of its proposal. The PPT and the concerned users/ user organizations have made their submissions at the joint hearing.

7. With regard to the proposal of the PPT seeking approval for levy of the rate of ₹70 per tonne on ad hoc basis, based on the stipulation contained in Clauses 5.7.1 to 5.7.5 of the Working Guidelines issued to operationalize the Tariff Policy, 2015, and considering that PPT has already commenced handling of iron ore pellets at IOHP and that it may take some time for the case to mature for final disposal by this Authority, this Authority vide its Order No. TAMP/55/2016-PPT dated 04 January 2017 has granted ad hoc approval for introduction of Labour Cess at PPT at the rate of ₹. 70/- per MT for the Iron Ore pellets handled at Iron Ore Handling Plant (IOHP), 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 has to be refunded by the PPT to the concerned users. The Order has been notified in the Gazette of India on 25 January 2016 vide Gazette no. 31. We have vide our letter dated 6 February 2017 forwarded a copy of the Order to PPT and to the relevant users / user organizations.

8. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the comments received and arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>.

9. With reference to the totality of the information collected during the processing of the case, the following position emerges:

- (i). The PPT has a Mechanized Coal Handling Plant for shipment of coal. The Clearing, Forwarding & Handling (CF&H) workers unload coal cargo manually from the Railway wagons, transport the cargo to the MCHP and load the cargo on board the ship through ship loaders. There is a separate facility to handle iron ore i.e. Iron Ore Handling Plant (IOHP).
- (ii). The IOHP has been designed to handle Iron ore. In view of ban on handling of Iron Ore since 2013 and to make use of the IOHP, the port started unloading thermal coal from Railway Wagon through tippers, which was earlier handled manually. However, due to strong resistance from the CF&H workers, unloading thermal coal through tippers was discontinued in the year 2014. Given that the IOHP was virtually idle, PPT has reported to have referred the matter to the Government for approval of one-time grant to meet the financial requirement for allowing Special Severance Package (SSP) for CF&H workers, who in turn has

given 'No Objection' to the proposal. Thus, the PPT initially furnished a proposal for levy of labour Cess on thermal coal handled through IOHP.

However, subsequently, the PPT decided to utilize the spare capacity of the plant by handling Iron Ore Pellets, which was otherwise moving through neighboring private port. Thus, the PPT proposes to recoup the SSP through a levy of labour Cess on thermal coal and iron ore pellets as well handled through IOHP.

The Order fixing labour Cess on thermal coal handled through IOHP has been passed separately. This case is with regard to fixation of labour Cess on iron ore pellets handled through IOHP.

- (iii). The PPT had filed its proposal in September 2016. Subsequently, after several reminders, the PPT has furnished information/ clarification in December 2016. The said proposal of PPT alongwith the information/ clarification furnished by PPT during the processing of the case in reference is considered in this analysis.
- (iv). As brought out above, the proposal of the PPT is to enable it to recover the amount paid to Management Committee to meet the liability of SSP for CF&H workers. In this regard, it is relevant to mention here that as per the Tariff Policy, 2015, the purpose of a levy is to enable the port to recover the cost of rendering the services and a component of return on the investments. In this connection, the PPT is of the view that the overall cost of SSP for CF&H worker of Management Committee at ₹ 176 crores alongwith with interest in the form of return, is the investment of PPT, which the port proposes to recover by way of levy of labour cess on iron ore pellets handled through IOHP.
- (v). Though the labour cess on iron ore pellets works out to be more than ₹ 70/- per MT, it has chosen to restrict the levy to ₹ 70/- per MT, taking into account the additional cost that the users may have to bear, if they choose to handle iron ore pellets through IOHP at PPT rather than at any other neighbouring port.
- (vi). Considering that the rate of ₹ 70/- per MT is based on the consultation with the users and has the approval of the Board of Trustees, this Authority is inclined to approve the rate of ₹ 70/- per MT towards labour cess on iron ore pellets handled through IOHP, as proposed by the PPT.
- (vii). As stated earlier, based on the request made by the port, this Authority vide its Order dated 4 January 2017 has granted ad hoc approval for introduction of Labour Cess at PPT at the rate of ₹ 70/- per MT for the iron ore pellets handled at Iron Ore Handling Plant (IOHP), subject to the condition that if the final rate fixed by this Authority is lower than the adhoc rate of ₹.70/- per MT, the difference between the final rate and the adhoc rate has to be refunded by the PPT to the concerned users. Given that the rate levied by the PPT on adhoc basis and the final rate approved by this Authority are the same, the levy of ₹70/- per MT towards handling of iron ore pellets at IOHP with effect from the date of commencement of the levy by PPT is recognized as such.
- (viii). The proposed levy is to enable the port to recoup the amount of ₹176 Crores for the specific purpose of SSP for the CF&H workers. In this connection, it may be appropriate to fix a time frame for levy of the amount of ₹ 176 Crores. Since the recovery of the entire amount depends on the coal and iron ore pellets handled and to be handled at IOHP, it is not possible to fix the time frame at this stage. Therefore, the PPT is advised to maintain a separate account in this regard and stop the levy once the entire amount is recovered by the PPT. An audited account in this regard is to be produced by the PPT to this Authority, at the time of next review of tariff of PPT.
- (ix). The Tariff Policy, 2015 read with the Working Guidelines issued to operationalize the Tariff Policy stipulates prescription of Performance Standards. Accordingly, at

our request, the PPT has proposed to prescribe the Performance standard as Average Ship Berth day Output in respect of handling of Iron ore pellet at 15,000 tonnes. The Tariff Policy, 2015, does not prescribe any method or basis for proposing performance standards. The performance standard as proposed by the Port is approved.

8.1. In the result, and for the reasons given above, and based on collective application of mind, this Authority approves the levy of ₹.70/- per MT towards handling of iron ore pellets at IOHP and the Performance standard as Average Ship Berth day Output in respect of handling of Iron ore pellet at 15,000 tonnes, as proposed by the Port.

8.2. The levy would come into effect from the date of commencement of the levy by PPT and the validity of the rate would be co-terminus to the validity of the rates to be approved in the general revision of Scale of Rates of PPT.

8.3. The approval accorded would automatically lapse thereafter unless specifically extended by this Authority. The levy of ₹70/- per MT towards handling of iron ore pellets at IOHP approved now shall be reviewed at the time of next general review of tariff of PPT. The port is advised to maintain a separate account in this regard and furnish the audited details for scrutiny at the time of the next review of tariff of PPT.

**T.S. Balasubramanian)**  
Member (Finance)

**SUMMARY OF ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.**

<b>F. No. TAMP/55/2016-PPT</b>	<b>Proposal from Paradip Port Trust for introduction of Labour Cess for Iron Ore Pellets handled at Iron Ore Handling Plant (IOHP).</b>
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A joint hearing on the case in reference was held on 27 September 2016 at the PPT premises. At the joint hearing, the PPT made a brief power point presentation of its proposal. The PPT and the concerned users/ user organizations have made the following submissions at the joint hearing:

**Paradip Port Trust**

- (i). The IOHP has been designed to handle Iron ore. Due to ban on handling of Iron Ore since 2013, port started unloading thermal coal through tippers, which was earlier handled manually. However, due to heavy resistance from the CF&H workers, unloading thermal coal through tippers was discontinued.
- (ii). Since the IOHP was virtually idle, PPT referred the matter to the Ministry for approval of onetime grant to meet the financial requirement for allowing SSP for CF&H workers.
- (iii). The Ministry has given 'No Objection' to the proposal. Accordingly, the PPT proposes to recoup this SSP through a levy of Cess on thermal coal.
- (iv). It is to be noted that as against the manual handling cost of thermal coal at ₹ 427/- per MT, the handling of Thermal coal through IOHP works out to ₹ 247/- per MT, after including of ₹ 120/- per MT towards the Cess. There is a savings of about ₹ 180/- per MT to the users.
- (v). Even the Iron Ore Pellets of Jindal which goes to Dhamra has been handled at the PPT even with the Cess of ₹ 70/- proposed for handling of Iron Ore Pellets through IOHP.
- (vi). The purpose of this proposal is to enable the Port to utilize the IOHP to the fullest, which is at present defunct, and to recover the SSP at a rate that is reasonable. The proposed rate is the lowest among all ports.
- (vii). The Cess will continue till the SSP is recovered.
- (viii). As against the manual handling cost of thermal coal at ₹ 427/- per MT, the handling of Thermal coal through IOHP works out to ₹ 247/- per MT, already resulting in a savings of about ₹ 180/- per MT to the users. Assuming that the financial impact of the lower handling capacity of the IOHP is about ₹ 80/- per MT, still there is a savings of ₹ 100/- per MT to users.

- (ix). Nevertheless, this rate fixation for coal is only a theoretical exercise, given that the IOHP has started handling Iron Ore. However, considering the volatility of handling of Iron Ore, this proposal is only to enable PPT to handle thermal coal or iron ore pellets in the future, when on account of fall in handling of Iron Ore, the IOHP will be utilised to handle thermal coal and iron ore pellets. At that time, we need not rush to TAMP for fixing tariff for handling thermal coal and iron ore pellets through IOHP.

### **TANGEDCO**

- (i). The proposal of the port is mutually beneficial. IOHP will get utilized and at the same time, the reduced handling cost will benefit the users.
- (ii). However, it is requested that the rates may be further reduced to a maximum extent, so that all the benefits are shared by all.

### **NTECL**

- (i). Loading time is excessively high when handled through IOHP. The ships have to keep waiting.
- (ii). The Cess is on a higher side. It may be reduced.
- (iii). Time horizon for levy of rates should be indicated.

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