

Tariff Authority for Major Ports

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 a proposal of the Jawaharlal Nehru Port Trust to allow volume rebate for fertiliser and fertiliser raw materials handled at its mechanised bulk cargo handling system as in the Order appended hereto.

(**S. Sathyam**)

Chairman

Tariff Authority for Major Ports

Case No.TAMP/96/2001-JNPT

The Jawaharlal Nehru Port Trust (JNPT) - - -
Applicant

ORDER

(Passed on this 5th day of November 2001)

A proposal of the JNPT to increase the wharfage for finished fertilisers and fertiliser raw material in case of manually discharged vessels was considered by this Authority and an Order was passed on 12 June 2001. The Order was notified in the Gazette of India on 20 June 2001. In its proposal, the JNPT had only mentioned that special rebate based on volumes were being allowed in order to encourage usage of the mechanised system. The JNPT did not, however, disclose any further details about the Volume Discount Scheme in that proposal.

1.2. With reference to the Order dated 12 June 2001, the JNPT had subsequently intimated that certain volume rebates were given by the port on total handling and wharfage charges to the users of its bulk cargo handling system. The volume rebate was implemented with the approval of its Board of Trustees from 25 October 2000 initially for a period of 6 months. The scheme was extended for a further period of 6 months i.e., up to 25 October 2001. The JNPT requested to approve the existing volume rebate till 25 October 2001 and also to extend it for a further period of 6 months i.e., up to 25 April 2002. The request made by the JNPT was found incomplete as no details of the existing volume rebate were given. The JNPT was, therefore, requested to submit a detailed proposal in this regard.

2.1. The JNPT has accordingly, submitted a proposal detailing the existing scheme for volume rebates for mechanised handling of fertilisers and fertiliser raw materials and proposed to extend it to a further period up to 25 April 2002.

2.2. In its proposal, the JNPT has made the following points:

- (i). The volume discount was given initially for a period of six months to the users for mechanised handling through conveyor system for fertilisers and fertiliser raw materials in terms of its Board resolution dated 25 October 2000. A trade notice to this effect was issued on 17 November 2000.
- (ii). The Board of Trustees of the JNPT in its meeting held on 22 March 2001 extended the volume rebate scheme for a further period of 6 months i.e., up to 25 October 2001. The Board of Trustees further decided that a proposal be forwarded to the TAMP for approval of the scheme, in case the importers were found to keep their commitment. The Board had also decided to extend the scheme for a further period of 6 months beyond 25 October 2001 pending receipt of approval and notification by the TAMP for volume rebate.
- (iii). Necessary commitments were obtained from different importers like M/s. Indian Potash Limited, M/s. Deepak Fertilizers, M/s. Gujarat Narmada Valley Fertilizer Co. Limited, M/s. RCF Limited, and M/s. Zuari Industries Limited and cargo handled after introduction of the Scheme is mostly going by their commitments.
- (iv). In view of the drastic fall in the import and the mechanised system becoming old and also the commitment being met by the users to use the JNPT, the discount as proposed may be continued on experimental basis atleast for 6 months from 26 October 2001.
- (v). The volume discounts presently allowed by the JNPT are detailed below:
 - (a). A discount of 10% on the handling and wharfage charges will be given on the first 50,000 MT.
 - (b). Another 10% rebate on the rate allowed for the first 50,000 MT on the volume in excess of 50,000 MT.
 - (c). When the total volume of imports exceed 1,00,000 MT the importer will again be benefited by way of refund calculated by charging the rate leviable for quantities in excess of 50,000 MT even for the first 50,000 MT quantity.
 - (d). The actual handling and wharfage charges leviable on different quantities of fertilizers and fertilizers raw materials will be as given below:

Total quantity handled		Total charges (Handling & Wharfage) applicable
(i).	Quantity of fertilisers up to 50,000 MT.	Rs.229.50 per MT.
(ii).	Quantity of fertilisers in excess of 50,000 MT.	Rs.206.56 per MT on the remaining quantity.
(iii).	Quantity of fertilisers handled crossing 1,00,000 MT.	Rs.206.56 per MT on the entire quantity.
(iv).	Quantity of fertiliser raw materials up to 50,000 MT	Rs. 184.50 MT.
(v).	Quantity of fertiliser raw materials in excess of 50,000 MT.	Rs. 166.05 per MT for the remaining quantity.
(vi).	Quantity of fertiliser raw materials handled crossing 1,00,000 MT.	Rs. 166.05 per MT on the entire quantity handled.

2.3. In this backdrop, the JNPT has requested this Authority to ratify the volume rebates allowed till 25 October 2001 and to approve extension of the discount scheme for a further period of 6 months beyond 25 October 2001.

3. The proposal of the JNPT has not been circulated to various users / representative bodies of Port users as it is only for ratification of an existing scheme formulated by the Port in consultation with its users.

4. With reference to the proposal of the JNPT and the records made available, the following position emerges:

- (i). The stated policy of this Authority is to encourage Volume Discount Schemes provided justifiable reasons are available to introduce such Schemes. This Authority has already introduced Volume Discount Schemes at many of the major ports; and, even at the JNPT in respect of containers.
- (ii). The Board of Trustees of the JNPT has approved initially introduction of the Volume Discount Scheme by exercising the powers conferred on it under Section 53 of the MPT Act. The issue of causing permanent reduction in notified tariffs by invoking provisions under Section 53 of the Act has been discussed in many of the Orders of this Authority. The Government has also advised the Port Trusts to refrain from invoking the provisions under Section 53 of the Act in regular cases.

Be that as it may, the Board of Trustees of the JNPT has, however, simultaneously decided to seek the approval of this Authority once the desired results of the scheme became apparent.

- (iii). The Scheme has been in operation since October 2000. A proposal about wharfage on manually discharged fertiliser and fertiliser raw

materials was made by the JNPT well after this scheme was introduced. Interestingly, the JNPT did not at that time consider it fit to disclose the complete information before this Authority.

- (iv). The JNPT has now indicated that the volumes handled are more or less in line with the commitment made by different importers of fertilisers and fertiliser raw materials. It is a known fact that the bulk terminal of the JNPT is losing heavily; and, at the existing tariff level it is not a viable proposition to have cargo operations there without cross-subsidy from other activities of the JNPT. If volumes improve at the bulk terminal of the JNPT, it can be expected that cross-subsidy burden on other activities will reduce.
- (v). As earlier stated, the Scheme has been in operation and has reportedly produced the desired results. This Authority is, therefore, inclined to ratify the scheme as proposed by the JNPT and also approve extension of the Scheme for a further period of six months from 26 October 2001.
- (vi). The Scheme allows discounts on volumes starting from the zero level. This implies that the normal tariff is only a reference point but not at all applied in any of the case. If that be so, it may be rational to review the existing base rate itself. The JNPT is advised to review the whole arrangement if and when it takes up the matter for further consideration after expiry of the validity period of six months.

5.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority decides to –

- (i) approve the Volume Discount Scheme as indicated in paragraph 2.2.(v) above for handling of finished fertiliser and fertiliser raw material discharged using the bulk cargo handling system at the JNPT for a period of six months with effect from 26 October 2001; and,
- (ii) ratify the volume discounts allowed as per this scheme upto 25 October 2001.

5.2. The JNPT is directed to include the Volume Discount Scheme, as approved, in its Scale of Rates.

(S. Sathyam)

Chairman