

## **Relevant Extracts related to Tariff Commission in the Annual Report of Department of IP&P for the year 2012-13**

### **Tariff Commission**

The present Tariff Commission is the result of the refinement and amalgamation of the functions of its predecessor organizations namely, Tariff Board, Tariff Commission(old), Bureau of Industrial Costs & Prices (BICP). The Commission has been engaged in discharging the following functions:

- (a) To make recommendations as an expert body, on matters referred to it by the Government regarding fixation of tariff and all tariff related issues in relation to trade in goods and services, keeping in view the interest of various sectors including production, trade and consumers and taking into account the international commitments.
- (b) To make a detailed impact analysis on select sectors like textiles, agriculture, automobiles, information technology, chemicals, steel and engineering goods through a multi-disciplinary team.
- (c) To carry out technical studies on cost of production of different goods and services and their competitiveness in relation to other countries.
- (d) Core function of BICP including pricing, efficiency, improvement and cost reduction of industrial product & services. The pricing studies fall under the following categories:
  - (i) Commodities under Pricing Administrative Mechanism(APM)
  - (ii) State monopolies/public utilities
  - (iii) Government procurement
  - (iv) Price monitoring
  - (v) Others
- (e) To undertake other tasks as may be assigned by the Government from time to time.

The Commission has multi-disciplinary teams for conducting in-depth study based on ground realities data collected from field. The teams consist of Engineers from the field of Science and Technology belonging to Tariff Commission cadre; Cost Accountants/Chartered accountants from Indian Costs & Account Service (IC&AS); Economists from Indian Economic Service (IES); and Statisticians from Indian Statistical Service(ISS).

The Commission has the know-how and expertise of using the tool of normative pricing for informed decision making across the board for different sectors of the industry. Normative pricing is a pricing at efficient level of operation. It is based on assessment of achievable efficiencies i.e optimal capacity utilization, productivity parameters of respective inputs (such as man, material, energy and machine) taking into account technologies and manufacturing processes etc. Normative Pricing analysis thus can be used to benchmark sectors/units for enhancing their competitiveness.

The Commission endeavours to deliver study reports in a definite time frame in a phased manner so that the findings are real time and relevant for arriving at policy decisions and not rendered redundant with the passage of time. This is ensured by phasing the studies and making them State specific and/or sector / unit/product specific. During the period 2012-13(April, 2012 – 19th February, 2013) Commission has so far submitted 32 reports as summarized in the Table No.13.1.

**Table No.13.1**

<b>Sl. No</b>	<b>Sector/Type of Study</b>	<b>No. of Reports</b>
1	Manufacturing Sector Studies related to Tariff/WTO/market/Access offer/FTA (28) Pricing study (2)	30
2	Social Sector Pricing (1)	1
3	Agriculture Others (1)	1
	<b>Grand Total</b>	<b>32</b>

**The detailed list of the studies completed in 2012-13(as on 19/2/2013):**

<b>Sl.No.</b>	<b>Study Name</b>
1	Report on fixation of Selling Price of Various Alkaloids produced by Government Alkaloid Works
2	Report on Tariff Structure of Sports Goods and Equipment(Archery)
3	Report on Economics of Fodder Crops Cultivation vis-à-vis other grains / Cash Crops like wheat, rice, sugarcanes etc.
4	Report on Inverted Duty Structure based on Tariff Commission Report on Impact of FTAs on Petrochemicals & Plastic Industry, (May, 2011)
5	Report on course fee Structure of NATRIP Silchar Centre for Driver Training Course Mechanic Training Course
6	Report on Inverted Duty Structure Polystyrene
7	Report on Inverted Duty Structure on Pressure Vessels, Reactors, Columns/Towers/Chemical Storage Tanks
8	Report on Inverted Duty Structure(IDS) on PV Solar Cell/Module
9	Report on Inverted Duty Structure(IDS)in Networking Products (Switches)
10	Report on Inverted Duty Structure(IDS) in Machine Tools Industry
11	Report on Inverted Duty Structure(IDS)-in Mono Ethylene Glycol(MEG)
12	Report on Inverted Duty Structure(IDS)-in Vitro Diagnostic Devices
13	Report on Inverted Duty Structure(IDS) Technical Textile Items Baby and Clinical (ADULT) Diapers
14	Note on Sugar Estimation of Conversion Cost of Sugar for the Sugar Season 2010-11 to 2012-13
15	Report on Inverted Duty Structure(IDS) in Aluminium Ingots
16	Report on Inverted Duty Structure(IDS) in Orthopaedic Appliances
17	Report on Inverted Duty Structure(IDS) in Other Diagnostic Appliances
18	Report on Inverted Duty Structure(IDS) in Tyres (Radial)
19	Report on Inverted Duty Structure(IDS) in Tyres(non-radial)
20	Report on Inverted Duty Structure(IDS) in Tubes
21	Report on Inverted Duty Structure(IDS) in Other Rubber Products
22	Report on Inverted Duty Structure(IDS) in ship Building
23	Report on Inverted Duty Structure(IDS) in Poly Vinyl Chloride (PVC)
24	Report on Inverted Duty Structure(IDS) in Mother Board
25	Report on Inverted Duty Structure(IDS) in Plastic Machinery Injection Moulding Machine & Blow Moulding Machine
26	Report on Inverted Duty Structure(IDS) on Textile Machinery Items Draw Frame Machine
27	Report on Inverted Duty Structure(IDS) on Textile Machinery Items Speed Frame Machine
28	Report on Inverted Duty Structure(IDS) on Textile Machinery Items Cotton Carding Machine

29	Report on Inverted Duty Structure(IDS) on Textile Machinery Items Combing Machine
30	Report on Inverted Duty Structure(IDS) on Textile Machinery Items Ring Frame Machine
31	Report on Inverted Duty Structure(IDS) on Textile Machinery Items Blow Room Machine
32	Report on Review of Performance of Cement Industry

Besides the above reports submitted during the current financial year the Commission has 57 other studies at different stages of progress/completion, which pertain to manufacturing, service social, agriculture and mining sectors. The commission has been requested to work out the normative conversion cost schedules for sugar on annual basis. As authorized under Para 1.22, 7.1 and 10.4 of National Manufacturing Policy, National Manufacturing Competitiveness Council has requested the Commission to undertake studies on Inverted Duty Structure and make appropriate recommendations.

The study reports of the Commission have been utilized by the referral Ministries as inputs for policy decisions. Some of the notable recommendations of the Commission which have been accepted and implemented by the referring agencies are mentioned as follows:

- (i) Commission has made significant contribution especially in the case of fertilizer sector where Government has been disbursing huge amount of subsidies. Quantum of subsidies payable for phosphatic and potassic fertilizers are worked out based on the Commission's Pricing studies on Di-Ammonium Phosphate, Complex Fertilizers and Muriate of Potash, etc.
- (ii) Report on Pricing of Cost Components of LNG Import and Regasification and Transportation Tariff of NG/R-LNG suggested substantial reduction in tariff of HVJ pipeline i.e Rs.832/MSCM as against existing tariff of Rs. 1150/MSCM.
- (iii) GAIL had entered into gas supply contracts with the consumers. Independent power producers are among consumers of gas. Gas transportation charges were being levied by GAIL from the consumers as per these contracts. In the Commission-s study transportation tariff were worked out using pipeline network principle. Report on Transportation Tariff for KG Basin Gas Supply Network suggested substantial reduction in tariffs.
- (iv) Report on Gas Transportation Tariff for Bajhera-Agra-Firozabad Spurline and Agra/Firozabad City Distribution Network suggests substantial reduction in transportation tariff of HVJ and Agra Firozabad spurline and city gas distribution charges i.e. Rs.1014/MSCM as against Rs.1217/MSCM.

The study reports of Tariff Commission have been appreciated by the client Ministry/Department and also by statutory/judicial authorities. Some of the note-worthy ones are:

- (i) Hon.ble Supreme Court held (CA No.2459 in 2002) that the decision rendered by the Tariff Commission on the issue of revising the retention price of cement would be binding on the Government of India.
- (ii) Ministry of external Affairs communicated that Commission's report on India's need for critical raw material and identification of sources of such raw materials in Asia, Africa and Latin America provided exhaustive and useful information to Indian Embassies

and missions abroad and have been appreciated by most of the Missions/Posts abroad.

- (iii) Department of Health made substantial savings to the tune of Rs.135.15 crores.
- (iv) Ministry of Food Processing Industry have appreciated the efforts of Tariff Commission for the comprehensive study on food parks.
- (v) Ministry of Housing & Urban Poverty Alleviation appreciated the report on analysis of share of various tariffs (Taxes, fees of govt.) in cost of construction of residential Apartments/Houses in select States/UTs and select urban Local bodies.

Tariff Commission, as per its mandate does not charge its clients. No specific funds are being allocated for studies. The entire expenditure is met from the Non-Plan budgetary allocation of the Tariff Commission.

Apart from undertaking the studies referred to the Commission it also undertook activities which inter-alia included:

- (a) Strengthening of database for monitoring global trade & policies trends of goods & services
- (b) Providing real-time information on the website of the Tariff Commission
- (c) Providing requisite disclosures under Right to Information Act, 2005
- (d) Imparting training to its employees on emerging trade and industry, aspect of competitiveness and the changing organizational concepts/techniques.
- (e) Modernization cum updating the library and documentation facilities to enable the organization to deal effectively with its mandate.
- (f) Ensure the state-of-the-art computer network infrastructure for e-functioning.

The Tariff Commission endeavours to give due weightage to the use of Rajbhasha. The implementation of official language in Tariff Commission was appreciated by the Hindi Advisory Committee in its meeting held in Department of Industrial Policy & Promotion on 3.8.2012.