

Outcomes

A) Outcomes of initiatives taken by Tariff Commission.

Data base refinement - In the back drop of the constraint of getting product wise information Tariff Commission had taken the initiative with the Ministry of Corporate affairs giving full justification to ensure that the cost audit formats are restored to its earlier format to include product-wise data in respect of production, imports, consumption of raw materials, domestic sales, exports, services rendered/obtained, element-wise cost details including per unit cost etc. in respect of all major sectors of the economy, both in physical as well as value terms. Based on the vital inputs provided by the Commission the Ministry of Corporate Affairs have been able to amend the companies(Cost Records and Audit) Rules, 2014 vide Notification dated 31st December, 2014 to facilitate getting detailed information required for studies conducted by Tariff Commission particularly in respect of Inverted Duty Structure.

B) Outcome of the study reports submitted by the Commission, by way of adoption, indication, appreciation and interest shown by the clients in addition to the usage by the client in analysis and decision making are as below:

2014-15

- 1) Tariff Commission's recommendations on Inverted duty Structure have been incorporated in the 2014-15 Budget announcement details of which are available on the website of TC.(www.tc.nic.in)
- 2) Ministry of water Resources vide its letter no. 11/1/2012-PP/1153 dt. 17/6/2014 have appreciated the studies done by Tariff Commission on Operational & Maintenance cost of Irrigation projects and Cost of Water in the context of its [proposed utilization by the 14th Finance Commission.
- 3) Tariff Commissions fifth study report on the "Plant based Normally Traded Commodities' as part of the of the study on quantum, value and types of bio-resources exported from India", has been appreciated by the Ministry of Environment and Forests (Reference D.O. No. C-12025/1/10-CS-III dated 14/8/2014)

2013-14

- 4) Office of Economic Adviser, Department of Industrial Policy & Promotion in its tax proposals for the union budget of 2013-14, used all the 26 reports of Tariff Commission, on Inverted Duty Structure, for making specific recommendations to the Department of Revenue for correction of IDS in

manufacturing products. (Reference letter no.Ec.Ad.2/16/2012-TFP dated 19th March, 2014).

- 5) Department of Commerce vide their letter no 14/7/2005-TPD dated 26th September, 2013 have expressed interest in the reports of the studies done on inverted duty structure in 2012-13.
- 6) Ministry of Health & Family Welfare vide No.X-11035/12/2012-DGQC dated 3/4/2013 endorsed the study done by Tariff Commission to the Revenue Department on inverted duty structure.
- 7) Tariff Commissions four reports on Operation & Maintenance cost of irrigation projects and two reports on Assessment of normative cost of water for various uses viz. irrigation, drinking water and industrial water supply were presented before the Ministry of water resources on 4th March, 2014 (reference D.O. no. 2-7/2012-M.I. (stat) dated 28/2/2014).
- 8) Tariff Commissions report on O&M cost of irrigation projects for Andhra Pradesh was requested by the MI(Stat) wing of the Ministry of Water Resources for submission to the XIV Finance Commission. (Ref. letter dated 16th August, 2013).
- 9) Ministry of Fertilizers vide its letter No. 23011/8/2010-MPR dated 2nd June, 2014 has informed that the additional compensation to the indigenous manufacturers producing P&K complex fertilizers using Naptha/fuel Oil(FOL)/Low Sulphur Heavy Stock(LSHS) as feed stock under Nutrient Based Subsidy (NBS) policy, would be finalized on the basis of recommendations of Tariff Commission in view of the Cabinet decision to this effect.
- 10) The slab wise rates recommended by the Tariff Commission for movement of fertilizers by road from plant/port to block up to 500 Km has been adopted by the Department of Fertilizers.(Reference letter no.12012/25/2013-FPP dated 14th March, 2014).
- 11) Department of Revenue vide its letter no. C-15012/2/1/10- SO(NC-1) dt. 5.7.13 have intimated that the recommendations of Tariff Commission have been duly considered while revising the prices of bulk drugs produced by Govt. Opium & Alkaloid works, in March-April,2013
- 12) The formula recommended by the Commission for the payment of interest by DGS&D on the withheld amount for procurement of Jute Bag for packing of food grains has been implemented by DGS&D. (Reference letter no. Kol/Jute/ADS(C-3)/Policy Matter/2014 dated 19th Feb., 2014)

- 13) Report of Second Hand Machinery and its impact on competitiveness of domestic capital goods industry- Plastic Processing Machinery was presented before Director General of Foreign Trade Department of Commerce, during officers meeting of DGFT on 12th December, 2013. (Reference D.O. letter no.01/93/180/20/AM-13/PC-2(B)/E50 dated 12th Dec., 2013)
- 14) The four reports prepared by the Commission on medicinal plants, species and aromatic crops and horticultural crops enabled the National Biodiversity Authority to glean a total of 88 gazette notified biological resources. (Reference letter no.NBA/Tech. Gen./22/61/11-12/ dated 3rd March, 2014)
- 15) Tariff Commissions study report on “study on quantum, value and types of bio-resources exported from India”, has been appreciated by the Ministry of Environment and Forests (Reference letter no. 28-13/2008-CS-III dated 19.6.2013) and have indicated that the data provided in the study would be helpful in the context of notification to be issued by the Ministry on normally traded commodities under provisions of the Biological Diversity Act.
- 16) Tariff Commission’s Report on “Study on quantum value and types of bio-resources exported from India”, has been cited in the background note of the Expert committee Meeting/Key-stake holder consultation on “strategies for up-scaling domestic and international trade in herbal & medicinal plant resources in the 12th FYP”.
- 17) Ministry of Environment and Forests vide their letter no. 12025/1/10-CS-III dated 22/8/2013 have appreciated the second and third report of the Commission on “Spices and Aromatic Plants and Horticultural Crops”.
- 18) Report on Comparative Performance of Bio- Fertilizers with their chemical counterparts in terms of usage, efficiency and cost effectiveness appreciated by the Department of Agriculture and Cooperation, Ministry of Agriculture vide their letter no. 9.14.2013-Org. Fmg dated 08.10.2013.
- 19) The two reports on price of Pregnancy Test Kit recommended by Tariff Commission for the years 2009-10 and 2010-11 has been adopted by the Ministry of Health (reference letter no.S.12012/35/2007/Supply/Pregnancy Kit dated 16/5/2013).

Prior to 2013 -14

- 20) NMCC vide its letter No. 21(1)/2012-NMCC dated 14th January, 2013 endorsed the recommendations of Tariff Commission on the IDS reports to the Department of Revenue and PMO.
- 21) Office of Economic Adviser vide its letter dated 19/9/2012 endorsed the recommendations of Tariff Commission on Naptha, to the Ministry of Revenue.
- 22) Department of IP&P has placed the executive summary and findings of the Commission's report on "Review of Performance of Cement Industry" on its Web-site" for obtaining the views of various stakeholders. (Ref. email dated 10th April, 2013)
- 23) Department Related Parliamentary Standing Committee for Commerce in its 95th report on Performance of Cement Industry adopted Tariff Commissions Report on Cement Industry submitted to DRPSC in 2010. (dated 24th Feb., 2011)
- 24) The Report on Cement Industry submitted by the Commission to Department Related Parliamentary Standing Committee for Commerce in 2010 was also used by the Competition Commission of India (reference order date 20.6.2012, in case no. 29/2010).
- 25) The normative transportation from the nearest rake point to block headquarters is reimbursed on the basis of per tonne, per Km, by the Department of Fertilizers on the basis of Tariff Commissions recommendations. (PIB Note dated 8th Dec., 2011).
- 26) The recommendations of Tariff Commission on the final rates of concessions for Ammonium Sulphate (AS) produced by FACT and GSFC were accepted by the Department of Fertilizers(reference Letter no. 22011/6/2009 dated 25/5/2012)
- 27) The concession scheme on decontrolled Phosphatic & Potassic (P&K) fertilizers is substantially based on the recommendations of the Tariff Commission. (PIB note dated 26th June, 2008)
- 28) The price of B-Twill bags recommended by the Tariff Commission is adopted by the O/o Jute Commissioner using a price adjustment formula.(reference document on price policy for jute, para 2.28)

- 29) Tariff Commissions report on "study of B-Twill Jute Bags- 2009 has been used by the Ministry of Textiles, while preparing the policy document on Jute Fibre.(reference acknowledgement on pg 250 of the document).
- 30) Ministry of External Affairs vide its letter No. D.O. AC/202/20/2011 dated 2/6/2011 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 mission abroad and have been appreciated by most of the Missions /Posts abroad.
- 31) Commission's report on Critical Raw Materials: Australia as Potential Source has been circulated to related missions by Ministry of External Affairs in the year 2012-13.
- 32) Department of Health using the two reports of the Commission on Copper-T and Tubal rings made substantial savings (reference letter no. S12012/21/2004- supply dated 26/4/2005).
- 33) The Commissions assessment of savings made by MoH&FW by procuring condoms by adopting the prices recommended by Tariff Commission during the period 2004-05 - 2007-08, works out to Rs 135.15 crores
- 34) Ministry of Food Processing Industry vide its letter No. 4-5/2008 –F&VP/NE dated 23/6/2011 have appreciated the efforts of Tariff Commission w.r.t. the three comprehensive study reports on food parks.
- 35) Ministry of Housing & Urban Poverty Alleviation vide its letter No.O-17034/145/2009-H/FTS –1674 dated 30/1/2012 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.
- 36) Ministry of Housing and Urban Poverty Alleviation has acknowledge the support of Tariff Commission in preparation of Real Estate(Regulation and Development) bill, 2013. (PIB note dated 14th August, 2013)
- 37) Department of Expenditure vide their D.O. No. 6/9/03 dated 6/3/2009 expressed the requirement of the studies of Tariff Commission for policy formulation.
- 38) Based on Commission's studies in the case of fertilizer sector Govt. has been determining the subsidies since 2006-07 in Phosphatic & Potassic fertilizers and Urea.

- 39) 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 .
- 40) 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 as below:

Tariff charged by GAIL Vs Normative Tariff

Rs./MSCM

Name of IPP	Transportation Tariff	
	Charged by GAIL	Normative computed by TC
GVK Industry	805	298
Spectrum Power	805	298
Reliance Energy	1,258	298
LANCO	1,732	730

(*) Note: Recommendations of TC adopted with modifications

- 41) 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.
- 42) The Tariff Structure for glass components used for CPTs were endorsed to the Department of Revenue and Department of Commerce by the Department of Information Technology.