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**Tariff Authority for Major Ports**

**G.No. 240**

**New Delhi, 29 October, 2002**

**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 accords adhoc approval to the rates proposed by the Mumbai Port Trust for the stevedoring services provided by the port as in the Order appended hereto.

**( A.L. Bongirwar )**  
Chairman

**Tariff Authority for Major Ports**  
**Case No. TAMP/Q/2002 - MBPT**

**ORDER**

(Passed on this 29th day of October 2002)

This case relates to a proposal received from the Mumbai Port Trust (MBPT) for fixation of rates for providing stevedoring services by the Port.

- 2.1. In its proposal, the MBPT has made the following main points:
- (i). An analysis of the reasons for decline in cargo traffic at the Mumbai Port has revealed that the cargo handling operations are fragmented involving multiple agencies which contributes to increase in the cost.
  - (ii). With a view to streamline on-board and shore handling operations and also to enable the port to efficiently manage the labour force, the Board of Trustees of the MBPT decided in June 2002 that the port should take over the stevedoring operations from 1 November 2002 after putting in place necessary arrangements therefore.
  - (iii). For fixation of rates for stevedoring services, discussions were held with the vessel agents and details of the rates charged were collected from them. An exercise was carried out and rates worked out for various cargoes considering actual cost of labour, gear, etc. The cost based rates are found to be much higher than those presently levied by the stevedores.
  - (iv). The main purpose of taking over the stevedoring operations by the port being reduction in cost of handling with integration in cargo handling operations, the rates cannot be higher than those being presently charged.
  - (v). Taking all these factors into consideration, the proposed rates for handling various commodities have been worked out. The proposed rates have been endorsed by the Board of Trustees of the MBPT in its meeting held on 8 October 2002.
  - (vi). The proposed rates include supply of gear and rebate will be allowed where a vessel agent brings his own gear.
  - (vii). With the proposed rates the entire operating expenditure of on-board workers and supervisory staff cannot be recovered and if overhead expenditure and provisions for pension, gratuity, etc., are included the deficit will be larger.
  - (viii). The proposed rates will be reviewed after one year by which time the port will have sufficient experience and data for carrying out such an exercise.
- 2.2. In this backdrop, the MBPT has requested the approval of this Authority to the proposed rates for stevedoring services to be provided by the port.
- 2.3. As the MBPT is to take over the services from 1 November 2002 and detailed consideration of the proposal by this Authority following the usual consultation process will take time, the MBPT has requested this Authority to grant adhoc approval to implement the proposed rates with effect from 1 November 2002.
3. Since the MBPT proposes to take over the stevedoring services with effect from 1 November 2002, it has become necessary to consider the request of the port to grant adhoc approval to the proposed rates, as this Authority does not like a service proposed to be provided by the port faces a setback merely for want of approved tariff therefore. Nevertheless, it would have been more appropriate if the MBPT had filed its proposal well in

time for the Authority to dispose of this case after following the usual consultation process. While this case is taken up for according ad hoc approval to the proposed rates in view of the exceptional circumstances, the MBPT is advised to submit its proposals well in time in future so that according adhoc approval can be avoided.

4.1. The MBPT deserves to be complimented for its efforts in attempting to bring down the total port cost to its users. The MBPT has done well to analyse the market rates on the basis of information that they have collected from twelve shipping agents before proposing the rates for the services to be provided by it. In most of the cases the rates proposed by the MBPT are the minimum of the rates in that category levied at present by the private stevedores from the shipping lines.

4.2 The Shipping Corporation of India (SCI) has been consulted in this case. It has argued that stevedoring rates should not be looked at in isolation but should be considered with the other elements of the package like productivity, third party liability, credit facilities, etc. which are presently provided by the private stevedores. It has requested that the proposed rates may not be approved till the issues raised by it are fully addressed. It has to be recognised that the case is now taken up only for according ad-hoc approval. The issues raised by the SCI definitely deserves consideration. The MbPT is advised to address these issues and furnish its response thereon before the case is taken up for final disposal.

4.3. Since a cost based tariff is not adopted and the proposed rates do not fully cover the total cost of providing the service, there can be a possibility of this activity getting cross-subsidised by some other activity. On this point, the MBPT has sought to explain that it incurs loss even today on the supply of labour and supervisory staff to stevedores for on-board cargo handling activity including stuffing and de-stuffing and with the proposed service to be provided by it, there may not be any change in the level of loss and it may be possible to reduce the loss gradually if traffic picks up due to provision of cost effective service to the users.

4.4. Taking over of stevedoring services by the MBPT is a historic decision and this Authority is inclined to support the efforts of the MBPT to implement its decision regarding provision of stevedoring service with effect from 1 November 2002. That being so, this Authority is inclined to accord adhoc approval to the proposed rates for a period of three months with effect from 1 November 2002 pending final disposal of the proposal of the MBPT after following the usual consultation process.

5. One of the conditionalities governing the proposed rates is to allow a rebate when a vessel agent utilises his own gears for the operations. The MBPT has proposed that the quantum of rebate will be equivalent to the rates at which the corresponding gears are hired by the port. It has, however, not indicated the rates at which it hires different equipment. It will be more transparent if the quantum of rebates is explicitly specified in the Scale of Rates. On being pointed out, the MBPT has subsequently furnished the hire charges of different categories of gear. These rates are accordingly included in the Scale of Rates as the upper ceiling on the rebate to be allowed when a vessel agent utilises his own gears. The port can negotiate these rates to lower levels. In this process it is recognised that the port will gain if hire charges of gear go down. All this will be taken into consideration when the proposal is taken up for final disposal at the end of 3 months.

6. In the result, and for the reasons given above, this Authority accords adhoc approval to the rates for stevedoring services provided by the MBPT as mentioned in **Annex**. The adhoc approval will be valid for three months with effect from 1 November 2002.

7. This Order will come into effect from 1 November 2002.

**( A.L. Bongirwar )**  
Chairman

**Annex**

The following schedule is inserted as Sub-section (C) below Sub-section (B) of Section-IV, Composite Berth Hire Charges in the Scale of Rates charged at the Docks of the Mumbai Port Trust.

**(C). CHARGES FOR PROVIDING ON BOARD STEVEDORING SERVICES PAYABLE BY THE INDENTORS / VESSEL AGENTS / VESSEL OWNERS / CONTAINER OPERATORS**

SR. NO.	Commodity / Activity	Basis of Charge	Rate (Rs.)	Rebate for Vessel agents using own gear
	<b><u>IMPORT</u></b>			
1.	Steel Coil	Per tonne	55.00	13.00
2.	Steel Plates ,Pipes and Angles	Per tonne	65.00	13.00
3.	Other steel products	Per tonne	60.00	13.00
4.	Bagged Cargo	Per tonne	110.00	13.00
5.	Wooden Logs	Per tonne	110.00	13.00
6.	Machinery/ Project Cargo	Per tonne	160.00	13.00
7.	Vehicle- For RoRo operation	Per Vehicle	35.00	–
	For LoLo operation	Per Operation	250.00	–
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8.	Mixed General Cargo	Per tonne	130.00	13.00
9.	<b>Dry Bulk</b> (Fertiliser, Fertiliser raw materials, clay, borax & other dry bulk materials, except scrap)	Per tonne	108.00	22.00
10.	<b>Metal Scrap</b> (A) Mechanical (B) Manual	Per tonne Per tonne	110.00 185.00	15.00 10.00
	<b><u>EXPORT</u></b>			
11.	Steel Coil	Per tonne	65.00	13.00
12.	Steel Plates, Pipes and Angles	Per tonne	85.00	13.00
13.	Other steel products	Per tonne	60.00	13.00
14.	Bagged Cargo	Per tonne	90.00	13.00
15.	Oil cake in Bulk (trimming & bleeding of bags on Board)	Per tonne	130.00	10.00

SR. NO.	Commodity / Activity	Basis of Charge	Rate (Rs.)	Rebate for Vessel agents using own Gear
	<b><u>Container</u></b>			
16.	On board stevedoring			
17.	Ships Crane	Per Box	700.00	55.00
	Port Gantry	Per Box	400.00	–
	<b><u>Stuffing/ De-stuffing</u></b>			
18.	Stuffing	Per TEU	2800.00	15.00 per box
19.	De-stuffing	Per TEU	1600.00	15.00 per box

**Notes:-**

- (i) In case a vessel agent utilises his own gear for loading/unloading, stuffing and de-stuffing operations the rebate on the charges mentioned above will be allowed. These rates are the upper ceiling on the rebate and the port will be allowed to negotiate these rates to lower levels.
- (ii) Lashing and unlashng containers on Board the Vessel shall be the responsibility of the vessel Agents. For lashing and unlashng work done by the vessel agent a rebate of Rs.30/- per Box will be granted on the rates mentioned at Sr. Nos.16, 17 above on the actual Containers lashed and unlashng by the Agents.
- (iii) Lashing of export steel cargo, especially steel pipes, is the responsibility of the shipping agents. The rates at Sr. Nos.11,12 &13 do not include lashing charges and no rebate is, therefore, allowed for lashing.
- (iv) Charges for supply of labour for the work of loading and filling of foodgrains and pulses will be Rs. 107/- per tonne.