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**TARIFF AUTHORITY FOR MAJOR PORTS**

**G. No. 179**

**New Delhi, 7 November, 2003**

**NOTIFICATION**

In exercise of the powers conferred under Sections 48 and 49 of the Major Port Trust Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Paradip Port Trust (PPT) for rationalisation of terms and conditions in the Scale of Rates governing plot rentals and equipment hire charges as in the Order appended hereto.

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

**Tariff Authority for Major Ports**  
**Case No. TAMP/54/2003-PPT**

The Paradip Port Trust

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Applicant

**ORDER**

(Passed on this 22nd day of October 2003)

This case relates to a proposal received from the Paradip Port Trust (PPT) for rationalisation of terms and conditions in its Scale of Rates governing plot rentals and equipment hire charges.

2.1. The PPT has proposed to amend its existing Scale of Rates (SOR) as follows:

- (i). In case of hire charges for cargo handling equipments, the users have to pay minimum charges for half a shift (i.e. 4 hours) even if the equipment is used for an hour. Also in case there is a breakdown of equipment during operations, a minimum charge for 4 hours is realised from the users. To overcome this anomaly and taking a cue from the TAMP Order notified on 9 April 2002 about realisation of vessel related charges on hourly basis it has proposed to rationalise the terms and conditions for use of cargo handling equipments from half shift basis to hourly basis. Accordingly clause 4(ii) is proposed to be replaced by the following clause; and clause 4(iii) will be deleted as redundant:

*“Minimum charges for use of cargo handling equipment will be on hourly basis. Total utilization period of equipment as reflected in the log book will be the basis for calculation of charges for use of equipment”.*

- (ii). Presently, as per clause 4(v) of the existing SOR, the exporters/importers/vessel owners as the case may be are required to pay a charge of Rs.1100/- per shift for non utilisation of shore crane for vessels calling at EQ berths at the Port Trust. The port users have represented to discontinue this provision as they are forced to pay penalty for not using a particular facility. The shippers are less interested to use the shore crane available at the port as now-a-days the ships are fitted with high capacity cranes with faster cycle time. The total earnings of the port trust for non-utilisation of shore crane were Rs.9.41 lakhs during 2002-03. Considering that the clause is authoritarian in nature and its continuance will not be in general interest of the port, it has proposed to delete clause 4(v) of the existing SOR.
- (iii). As per clause 3.3.2 of the existing SOR, license fee for covered and open space/stack yard is recovered from the port users on per month or part thereof basis i.e. even if the space is leased out to a user or vacated by a user in any part of the month, the user is subjected to pay license fee for the entire month. The port users have been objecting to pay for the license fees for the days the space is not actually under their occupation. At the Visakhapatnam Port, the license fees is collected on fortnight or part thereof basis and, at Haldia Port it is collected on yearly/monthly basis but the users pay proportionate license fee for the actual days of occupation during the first and last month of occupation. In view of this it is proposed to recover the license fee from the users on monthly/yearly basis except for the first and last month of the occupation of the plot/stack yard/covered space where the fees will be collected on actual days of occupation. For this purpose, a month will mean a period of 30 days. Since very few cases come under this category in a year, financial implication of this proposed provision will be negligible.

2.2. The proposal was approved by the Board of Trustees of the PPT in their meeting held on 22 July 2003.

2.3. In this backdrop, the PPT has requested this Authority to accord approval to its proposal as follows:

(i). Replace Clause 4 (ii) of the SOR as below:

“Minimum charge for use of cargo handling equipment will be on hourly basis. Total utilization period of the equipment as reflected in the log book will be the basis for calculation of charges for use of the equipment.”

(ii). Delete clause 4 (v) of the SOR to discontinue levy of a charge of Rs.1100/- per shift for non-utilisation of shore crane.

(iii). Insert a new clause as 2.4 (xiii) in the SOR as follows:

“Recovery of license fees for plots/ stack-yards/ covered space from the port users proportionately for the days of actual occupation in cases of first and last month of occupation/allotment.”

3. The PPT has subsequently furnished relevant extract of the existing SOR in which the amendments are sought; and, clarifications on certain issues arising out of its proposal. The PPT has clarified that deletion is not proposed in clause 4(i) (as stated in its original proposal) but in clause 4(iii) and clause 4(ii) will be replaced by the revised proposed clause.

4. The proposal of the PPT has been examined with reference to the existing SOR and the following position emerges:

(i). The PPT has proposed to rationalise certain existing terms and conditions governing plot rentals and equipment hire charges in deference to representations made by users as also on its own accord in the general interest of the port. Duly considering this fact, and also that the financial implications of this proposal will be negligible, the usual consultative procedure was not followed in this case and has been decided to put the proposal on a fast track approval.

(ii). In case of hire charges for cargo handling equipments, the PPT has proposed to levy the minimum charges on hourly basis for use of cargo handling equipments. As per the existing SOR, minimum charges for half a shift (i.e. 4 hours) are paid by the user in case the equipment is used for an hour as also when there is a breakdown in the equipment requisitioned by the user during operations. Since the proposed modification appears to be for the benefit of the users, and follows the principle of charging only to the extent of services provided, this Authority has no reservations to replace clause 4(ii) with the clause as proposed by the PPT.

(iii). Clause 4(iii) of the SOR provides that “the rate for a half shift of 4 hours will be half of the rate shown above for the full shift”. This clause is prescribed with reference to the provision to levy minimum charges for half a shift, which is proposed to be replaced. Hence clause 4(iii) becomes redundant and is also deleted.

(iv). As per the existing SOR, charges are levied @ 1100/- per shift towards non-utilisation of shore cranes by the users. The PPT has proposed to delete this provision for vessels calling at EQ berths at the port. Though some port trusts charge for the facilities created by it when users choose not to use such

assets, the PPT has, in the general interest of the port and on users' request, proposed to forego its revenue earnings on this account. Since the financial impact due to deletion of this clause will be negligible, clause 4(v) of the existing SOR of the PPT is deleted.

- (v). As per the existing clause, license fee for plots/stack yards/covered space is recovered from the users on 'per month or part thereof' basis. In view of the users objections to pay even for the days they have not occupied the premises, the PPT has proposed to recover license fee from the users on monthly /yearly basis except for the first and last month of occupation of the plot/stackyard/covered space where the fees shall be collected on actual days of occupation. The financial implication of this proposal is reported to be negligible as there are very few cases in a year which will come under this category. Ideally, it will be better to reckon 30 consecutive days as a month for levying such charges. Nevertheless, the PPT wants to continue with the calendar month for billing purpose, understandably, for the ease of monitoring raising of bills. While the existing unit of calendar month may continue with the proposed relief in the first and last months, the port is advised to changeover to the unit of consecutive 30 days in the next general revision of tariffs.
- (vi). As has been mentioned earlier, this proposal has not been taken in consultation since the proposed amendments are to provide relief to users. Nevertheless, if any of the concerned user organization wish to point out any adverse impact of the amendments or suggestions for further improvements in this regard, they are given an option to do so within 30 days. After analyzing the comments (to be) received, if any, the amendments made now will be taken up for further refinement.

5. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following amendments in the PPT Scale of Rates:

- (i). To replace note (ii) of clause 4 relating to hire charges for cargo handling equipment as follows:

*"Minimum charges for use of cargo handling equipment will be on hourly basis. Total utilization period of equipment as reflected in the log book will be the basis for calculation of charges for use of equipment".*

- (ii). To delete notes (iii) and (v) of clause 4 of the existing SOR relating to hire charges for cargo handling equipment and renumber the succeeding notes accordingly.

- (iii). To insert a note (xiii) in clause 2.4 of the existing SOR relating to license fee as follows:

*"The license fee for plots/ stack-yards/ covered space shall be recovered proportionately for the days of actual occupation in cases of first and last month of occupation/allotment."*

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