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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 44

New Delhi, 31 March, 2003

NOTIFICATION

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal from the Tuticorin Port Trust about reduction of unit of charging berth hire from 8-hour to hourly basis as in the Order appended hereto.

(A.L. Bongirwar)
Chairman

Tariff Authority for Major Ports
Case No. TAMP/6/2003 - TPT

The Tuticorin Port Trust

Applicant

ORDER

(Passed on this 17th day of March 2003)

This case relates to a proposal received from the Tuticorin Port Trust (TPT) about reduction of unit of charging berth hire from 8 hour to hourly basis.

- 2.1. The TPT has made the following points in its proposal:
- (i). Reduction of unit of charging berth hire from 8 hour to per hour basis is as per the option given by the Authority to the Major Ports to adopt such an arrangement on or before 1 April 2003.
 - (ii). The adverse impact on account of such a change over will be around Rs. 45 lakhs per annum at the current volume of traffic; but, the same cannot be considered as a loss to the Port Trust in as much as it is based on the policy of the Authority.
 - (iii). Due to this change in unit of charging, vessels will be induced to vacate the berths as early as possible to save berth hire charges, which will pave way for accommodation of the waiting vessels quickly. This will allow an indirect benefit to the Port by means of handling more vessels.
 - (iv). In the recent revision of the Scale of Rates of Chennai Port Trust, Authority has already notified hourly berth hire fees for all vessel. Therefore, to ensure TPT's competitiveness as well as to conform to the policies of this Authority, it is necessary to switch over to hourly berth hire rate.
 - (v). The hourly rate calculated by the TPT is as per the existing rates divided by 8.
- 2.2. The existing conditionality prescribing output norms for berth occupancy for different categories of vessels for levy of penal berth hire charges is proposed to be deleted by the TPT.
- 3.1. A copy of the proposal was forwarded to various concerned users/representative bodies of port users for comments. The comments received from the various users / representative bodies of port users was forwarded to the TPT as feed back information.
- 3.2. A joint hearing in this case was held on 5 February 2003 at the TPT premises. At the joint hearing, the TPT and the port users have made their submissions.
- 3.3. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpts of the comments received and arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be available in our website (www.tariffauthority.org).
4. With reference to the totality of information collected during the processing of this case, the following position emerges:
- (i). This Authority had, in January 2000, reduced the unit of berth hire charges from the then existing 24-hours to 8-hours commonly for all major port trusts. The reduced unit of charging berth hire is already in operation at all the major ports for more than two years now. With reference to further reduction of unit of charging it was decided in principle to reduce the unit to an hourly basis with effect from 1 April 2003. It was, however, decided to take up this matter for final consideration after analysing the comments received on the proposed change over. In this regard, it was also decided that the cut-off date of 1 April 2003 would be an outer limit for the proposed change over in the unit of levying charge. If any major port proposed to adopt such an arrangement even prior to 1

April 2003, it was decided that this Authority would consider such proposals without waiting for a decision to be taken commonly for all the major ports. It is noteworthy that hourly berth hire rates have already been introduced at the Chennai Port Trust along with the last general revision of its scale of rates. In this backdrop, the credit goes to the TPT for taking a proactive role and coming up with a proposal to introduce hourly rate without waiting for a common adoption order to be issued by this Authority *suo motu*.

- (ii). The proposal of the TPT is in line with the general thinking of this Authority on this matter. Further, the point made by the TPT about offsetting any revenue loss due to the change over in the unit of charging by possible handling of more number of vessels is valid.

Even otherwise, in line with the *quid pro quo* principle emphasised by this Authority, it is reasonable to levy a charge only to the extent of services provided. Introduction of hourly charges will definitely eliminate the present practice of vessels requiring to pay for the full 8 hours even when they occupy the berth only for a few minutes in that block of 8 hours.

- (iii). The hourly rate proposed by the TPT is arrived at by dividing the existing 8-hourly rates by 8. This means, there is no increase in rates on account of the change over in the unit of levying berth hire. That being so, this Authority is inclined to approve the proposal of the TPT.
- (iv). The SCI has suggested an amendment to the existing provision regarding cessation of berth hire after 4 hours of a vessel signaling its readiness to sail. The existing prescription made in the scale of rates of the TPT is based on a decision taken by this Authority commonly for all the major ports. There is no exceptional situation prevailing at the TPT to deviate from the common decision taken. Likewise, the SCI's suggestion about the fees payable for according priority berthing to a vessel also does not appear to be relevant to the instant proposal of the TPT since the practice of levying priority berthing fee flows from a policy decision of the Government.
- (v). In the last general revision of the scale of rates of the TPT, based on the information received from the TPT, output norms for different commodities for the purpose of levying penal berth hire charges were introduced. The TPT has now proposed to delete such output norms on the ground that such norms were applied earlier only for shifting of vessels to anchorage for poor performance. It has also argued that a uniform output norm cannot be applied across all the berths since productivity at different berths varies. The argument of the TPT appears to be reasonable and, therefore, the proposal of the TPT to delete the output norms for levy of penal berth hire is approved.
- (vi). With reference to shifting of vessels to anchorage for poor performance, the TPT suggested that separate shifting charges should be levied. At the joint hearing, it has agreed to submit a separate proposal in this regard which is yet to be received by us. Since the main issue involved in this proceeding is about prescription of berth hire on hourly basis, the case about shifting charges can be examined separately when the TPT files its proposal.

6. In the result, and based on a collective application mind, this Authority approves the amendments to the Schedule of Berth Hire Fees in the scale of rates of the TPT as given in Annex-I.

7. The amendment to the scale of rates of the TPT will come into effect from 1 April 2003.

(A.L. Bongirwar)
Chairman

Annex-I

In Chapter- II, VESSEL RELATED CHARGES, the existing Schedule 2.4. and notes thereon are deleted and substituted by the following schedules and notes:

2.4. SCHEDULE OF BERTH HIRE FEES

2.4.1. SCHEDULE OF BERTH HIRE CHARGES

Sl. No.	PARTICULARS	Unit	Rates per hour	
			Coastal vessel (in Rs.)	Foreign- going vessels (in US \$)
1.	Upto and inclusive of 3,000 GRT	Per GRT Minimum	0.10 203.90	0.003 5.998
2.	3,001 to 10,000 GRT	- do – Minimum	0.07 290.95	0.002 8.559
3.	10,001 to 15,000 GRT	- do -	0.09	0.003
4.	15,001 to 20,000 GRT	- do -	0.11	0.003
5.	20,001 to 25,000 GRT	- do -	0.15	0.004
6.	25,001 to 30,000 GRT	- do -	0.16	0.005
7.	30,001 GRT and above	- do -	0.18	0.005

2.4.2. SCHEDULE OF BERTH HIRE CHARGES FOR OTHER VESSELS

Sl. No.	PARTICULARS.	Unit	Rates per hour	
			Coastal vessel (in Rs.)	Foreign-going vessels (in US \$)
1.	Non-commercial vessels like tugs and barges	vessel	26.50	-
2.	Craft registered under the Harbour Craft Rules of Tuticorin Port Trust.	-do-	1.25	-
3.	Other Crafts	-do-	1.75	-
4.	Additional Berth Hire Charges after expiry of time given by the Deputy Port Conservator, to vacate the berth.(notice given atleast 12 hours in advance)			
	(i). For the first 12 hours.	Per hour	1623.90	47.920
	(ii). For the next 12 hours.	-do-	3259.40	95.887
	(iii). Thereafter.	-do-	4888.30	143.807
5.	(i). Charges for the Lash vessels during the process of operations of loading or unloading of cargo.	Per barge per hour	20.66	0.608
	(ii) For barges waiting at safe fleeting area	-do-	6.85	0.202
6.	Berthing fees on sailing vessels and sea-going steam vessels coming alongside the wharves at Zone 'B' of the Tuticorin Port.			
	(i). Sailing vessels other than lighters.	Per GRT / Per trip	1.15	0.034
	(ii). Sea going steam vessels.	Per vessel / Per hour	14.58	0.429

Sl. No.	PARTICULARS.	Unit	Rates per hour	
			Coastal vessel (in Rs.)	Foreign-going vessels (in US \$)
7.	Fishing Vessels (Trawlers / Boats)			
	(i) at finger jetty.	Per vessel / Per hour	17.03	0.501
	(ii) at VOC wharf and additional berth.	- do -	26.71	0.786
8.	Double banking	In respect of a vessel which is double banked with another vessel occupying a berth it will be charged half of the Berth hire charges specified at schedule 2.4.1 and 2.4.2		
Note on Sl.No. 7:				
<p>Any vessel which continues to occupy any berth after the expiry of the time given by the Deputy Conservator/Traffic Manager to vacate the berth (notice of which had been given at least 12 hours in advance) shall pay additional berth hire charges at the following rates: -</p> <p>(i). For the first two days – At four times the rate of berth hire charges for authorised occupation.</p> <p>(ii). For third day and for subsequent days - At six times the rate of berth hire charges for authorised occupation.</p> <p>(iii). The additional berth hire charges shall be in addition to normal berth hire charges payable under the schedule.</p>				

Notes:

- (1). The period of hour shall be calculated from the time the vessel occupies berth.
- (2). Berth hire charges shall be levied for every one hour irrespective of actual time of stay in the berth.
- (3). Berth hire shall stop 4 hours after the time of the vessel signalling its readiness to sail. A penal berth hire equal to berth hire charges for 24 hours shall be levied for a false signal. The Berth hire charge, which was stopped after 4 hours on receipt of the readiness intimation, would start without any discontinuance till the actual time of sailing of a vessel.
- (4). Vessel berthed at additional berths, finger jetty and shallow water berth where wharf crane facility is not available will be allowed a rebate of 20% of the applicable berth hire charges.
- (5). All Tankers carrying oil, petroleum products, chemicals in bulk, lube base stock in bulk shall be charged berth hire charges at 125% of the charges applicable to relative classification.
- (6). Ousting Priority/Priority Berth Hire Charges:
 - (i). For providing the priority berthing to any vessel, a fee equivalent to berth hire charges for 24 hours or 75 % of the berth hire charges calculated for the total period of actual stay at the berth, whichever is higher shall be levied.
 - (ii). For providing the ousting priority to any vessel, a fee equivalent to berth hire charges for 24 hours or 100% of the berth hire charges calculated for the total period of actual stay at the berth whichever is higher, shall be levied.
- (7). When a vessel is shifted from V.O.C wharf to additional berth during the duration of every one hour of stay, berth hire charges as applicable to V.O.C wharf shall continue to be applied till the expiry of that hour. Thereafter, the rates as applicable to additional berths

shall be levied. The same principle shall be applied when a vessel is shifted from additional berth to VOC wharf.

- (8). Charges on lash vessels/ barges:
- (i). If the mother vessel is berthed alongside a wharf, all the charges as applicable to other vessels shall be recoverable.
 - (ii). If the mother vessel is anchored at outer anchorage within the port limits, Port dues alone shall be levied.
 - (iii). If anchored at inner anchorage, all applicable vessel-related charges excluding berth hire shall be recovered.
 - (iv). The charges for towing of barges will be recovered as per the rates prescribed for the craft used.

**SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT
USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE
JOINT HEARING BEFORE THE AUTHORITY**

F. No. TAMP/6/2003-TPT - Proposal from the Tuticorin Port Trust for reduction of unit of charging berth hire from 8-hour to per hour basis.

1. The comments received from the port users / representative bodies of port users are summarised below:

All India Chamber of Commerce and Industries

- (i). It has welcomed and appreciated the policy of the TPT.
- (ii). Hourly berth hire rates will induce vessels to vacate the berths as early as possible to save berth hire. But at times when more vessels wait for berths, the Port Authorities should not bring pressure on the vessel owners/Steamer Agents to quicken the loading / unloading operations for the purpose accommodating the waiting vessels as this may affect the safety of all concerned in the harbour.

Indian Chamber of Commerce and Industry

It has also welcome the proposal of the TPT and stated that this will definitely boost the growth of the TPT. Vessel owner will get relief to some extent due to this change over even though the marine charges at the TPT are very high when compared to other ports in India.

The Shipping Corporation of India Limited

- (i). It has agreed with the proposal to switch over to hourly berth hire charges.
- (ii). As regards item 3 of the terms and conditions, it has proposed that berth hire shall stop two hour after the time the vessel signals its readiness to sail. In case of delay the penal berth hire should be levied at double the normal berth hire.
- (iii). It has not agreed to the existing provision of levying berth hire for 24 hours or 75% of the actual berth hire charges, whichever is higher, for according priority / ousting priority berthing. It has proposed that the actual berth hire charges should be applicable in such cases. It has also stated that, the SCI is not in favour of granting ousting priority to any line.

2.1. A joint hearing in this case was held on 5 February 2003 at the TPT premises. At the joint hearing, the following submissions were made:

Tuticorin Port Trust (TPT)

- (i). We agree with the TAMP's view for hourly rate.
- (ii). Revenue loss that may arise due to introduction of hourly rate will be compensated by better utilisation of berths.
- (iii). Output norms are for shifting of vessels to anchorage. It can't be applied for penal berth hire. Productivity is not the same at all the berths. Penal charges will, however, be levied only if a vessel is shifted. Please delete the conditionality relating to output norms.
- (iv). About shifting of vessels to anchorage due to poor performance and levy of penalty therefor, we will hold further discussion and give a proposal in one week.

Container Shipping Lines Association (India)

- (i). We agree with hourly berth hire rates.
- (ii). By deleting the output norms, we should not be asked to pay more.

Indian Chamber of Commerce and Industry

When crane is not used, there should be a rebate. Further, berth hire includes cargo related element also. The bifurcation should be clearly indicated.

2.2. At the joint hearing, the TPT has agreed to submit proposal about shifting of vessels to anchorage due to poor performance and levy of penalty therefore. We have not received any proposal in this regard from the TPT so far, despite a reminder.

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