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Tariff Authority for Major Ports

G.No. 257

New Delhi,

28 June 2017

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 disposes of the proposal received from Jawaharlal Nehru Port Trust seeking approval for fixation of normative tariff for stevedoring and shore handling operations, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/57/2016-JNPT

Jawaharlal Nehru Port Trust

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QUORUM

Applicant

- (i). Shri. T.S. Balasubramanian, Member (Finance)
- (ii). Shri. Rajat Sachar, Member (Economic)

ORDER

(Passed on this 24th day of May 2017)

This case relates to a proposal received from the Jawaharlal Nehru Port Trust (JNPT) for fixation of normative tariff for stevedoring and shore handling operations.

2. The Ministry of Shipping vide its letter no. PD-11033/73/2013-PT (pt) dated 14 June 2016 has forwarded a copy of Stevedoring and Shore Handling Policy for Major Ports, 2016 to be effective from 01 August 2016. Subsequently, the MOS vide its letter no. PD-11033/73/2013-PT (pt) dated 17 October 2016 has forwarded the Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operation authorized by Major Ports.

3.1. In this backdrop, the JNPT has come up with a proposal for fixation of Normative tariff for stevedoring and shore handling operations. The main points made by the JNPT in its proposal dated 6 September 2016 are given below:

- (i). The quantum of Dry Bulk/ Break Bulk cargo handling at JNPT is minuscule. The annual average handling of last five year for Dry Bulk Cargo (Cement) is 0.65 MMT and that of Break Bulk/ Project cargo is 0.1 MMT.
- (ii). In dry bulk type cargo, presently only Cement (in lose bulk form) is handled at JNPT through mechanised means and no stevedoring/ shore handling operations are involved. No other dry bulk/ fertilizer/ fertilizer raw materials are handled at shallow water berth as storage/ covered storage place is not available for these cargoes.
- (iii). Other than Dry bulk cargo Cement, the cargoes handled at shallow water berths mainly consists of Break Bulk/ Project cargo, Machinery parts/ Vehicles/ Heavy lifts etc. The port has handled ammonium nitrate in Jumbo Bag Form (only three times). The ship day output on these vessels is in the range of 1400 MT/day. The port does not have any equipment at shallow berth for handling Break Bulk/ Project cargo. JNPT does not have any stevedoring/ shore handling staff for the Bulk/ break handling. Hence Port does not have any specified tariff for stevedoring activities in its scale of rates. The Port collects only wharfage charges and accrued cargo dwell time charges (if any) from the consignee/ shipper before allowing the handling/ delivery of the cargo.
- (iv). The shipper/ consignee makes arrangements for stevedoring and shore handling activities including deployment of necessary equipment/ cranes such as Fork lifts, Hydra, Trailers, Heavy duty cranes whenever required. These equipment are hired by the stevedoring agencies from the local market, the rates of which are market driven.
- (v). In recent past, liquid cargo handling at shallow water berth was commissioned by laying two numbers of liquid cargo pipelines from shallow water berth and connecting them to the existing pipelines running from BPCL liquid cargo jetty to Tank farm area. In this operation also, there is no stevedoring/ shore handling involved. The cargo is directly pumped from vessel to tank farm area through these pipelines. The connection/ disconnection and cargo operations are handled by the receiver Tank farm.
- (vi). Shallow water berth-01 is utilized by British Gas for handling their off shore supply vessels. This consists of supplying provision, equipment and materials required for Mumbai High crude oil Rigs operation. They have appointed their own agency to handle and manage their offshore supply operations on long term basis. This operation may not come under the purview of stevedoring and shore handling operations.
- (vii). The guidelines are not applicable to the trans-loading/ anchorage/ lighterage operations, Barge handling, floating cranes etc. Therefore it can be seen that with the limitations of available infrastructure at shallow water berth, cargo like bagged cargo, iron & steel products

such as coils slabs, pipes, tubes, plates, project cargo, machinery and machinery products, motor vehicles other than through RORO which can be stored in open space, that too in small quantity can only be handled at shallow water berth. Hence, the proposal for fixation of upfront tariff is formulated for the above mentioned cargo only.

- (viii). For any Cargo which are not falling in the above category, it is proposed to follow the upfront tariff of neighboring Mumbai Port.
- (ix). It is also proposed to collect a nominal royalty of ₹20/- per Metric Ton of cargo handled from the registered firm engaged for the stevedoring and shore handling operations.
- (x). Licenses will be issued to any firm or firms meeting the specified qualification criteria and collect specified royalty on tonnage handled from the firm engaged for stevedoring and shore handling operations.

3.2. The proposal of JNPT seeks approval for the following:

Ceiling Tariff for providing On board stevedoring and shore handling services for handling of Break Bulk Cargo by the Licensed Stevedoring and shore handling agencies.

Sr. No.	Commodity Group	Basis of Charge	Ship-day productivity Norm (MT)	Stevedoring Charges per MT (₹)	Shore handling Charges per MT (₹)
1.	Bagged cargo	Per MT	1200	504.00	197.00
2.	Jumbo bags	Per MT	1400	324.00	327.00
3.	Iron & Steel-coils and slabs	Per MT	4000	106.10	157.00
4.	Iron & steel-pipes, tubes, plates	Per MT	1200	353.68	382.00
5.	Project cargo	Per Hook Per Shift	-	92,400.00	50,400.00
6.	Motor vehicles other than through RORO	Per Hook Per Shift	-	92,400.00	50,400.00
7.	Machinery and machinery products	Per Hook Per Shift	-	92,400.00	50,400.00

Notes:

- (a). Stevedoring & Shore Handling Agencies who have been issued license by JNPT can only undertake to perform these activities at JNPT.
- (b). The licensed Stevedoring & Shore Handling Agency has to make all necessary arrangements(such as manpower, bringing equipment's, gears, shackles, hooks, slings, heavy lifting beams, chain slings etc.) for carrying out safe and efficient Stevedoring & Shore handling operation.
- (c). Lashing and Unlashing of cargo on board the vessel shall be the responsibility of vessel agent. The above rates do not include lashing and unlashing charges.
- (d). An amount of ₹20/- MT will be charged as Royalty by JNPT to the stevedoring and shore handling agency for the cargo handled by the Agency.
- (e). The list of commodities included under each group is given under. (JNPT has not listed the commodities)
- (f). The cargo's which are not covered under the above group, the TAMP approved tariff for stevedoring and shore handling operations of Mumbai Port will be considered."

3.3. The JNPT has furnished the approval of its Board of Trustees for the proposal and the draft Scale of Rates.

4.1. In accordance with the consultative procedure prescribed, a copy of the JNPT proposal dated 06 September 2016 was forwarded to the concerned users/ user organisations for their comments vide our letter dated 4 October 2016. Subsequently, JNPT vide its email dated 12 October 2016 has furnished list of seven additional users to be consulted. Accordingly, a copy of the JNPT proposal was forwarded to additional users also vide our letter dated 14 October 2016.

4.2. None of the users/ user organization have furnished their comments till the case was taken up for finalization except the Association of Multimodal Transport Operators of India (AMTOI) vide its email dated 14 October 2016 which has stated that, they do not have any comments to furnish in this respect.

5. Based on a preliminary scrutiny of the proposal, the JNPT was requested to furnish additional information/ clarification on the following points vide our letter dated 28 October 2016. After a reminder dated 15 November 2016, the JNPT has responded vide its letter dated 02 December 2016. The information sought by us and the response of JNPT thereon are tabulated below:

Sl. No.	Information/ clarifications sought by us	Response of JNPT
1	Stevedoring Operations	
(i).	In its proposal, the JNPT has stated that on account of limitation of available infrastructure at Shallow Water Berth, the proposal for fixation of upfront stevedoring tariff has been formulated by it in respect of only break bulk cargo viz., bagged cargo, iron & steel products such as coils slabs, pipes, tubes, plates, project cargo, machinery and machinery products, motor vehicles other than through RORO which can be stored in open space. For any Cargo which are not falling in the above category, the port has proposed to follow the upfront tariff of neighbouring Mumbai Port Trust. The JNPT has also proposed a note to this effect in its proposed draft Scale of Rates. In this regard, it is relevant to mention here that as per Clause 3.2 of the Stevedoring Guidelines, if any new cargo is to be handled which is not included in the list, then the Major Port Trusts may categorise that cargo under any one of the cargo category based on the nature, physical characteristics and the method of handling that cargo. In view of the above position, the note proposed by JNPT to be modified to reflect the Guideline position.	The note is modified as per guidelines. (The JNPT has proposed a note no. 7 to the effect that the List of Commodities included under each group is given at Annex-; Any other Break Bulk cargo/ commodity, which is not included in this list, that cargo / commodity will be categorised in any of the above group based on the nature, physical characteristics and the method of handling of the cargo.)
(ii).	In the calculation of ship day output norms proposed for handling by ships gear, the JNPT to explain the basis for the following:	
	(a). The average tonnes per hook at 5, 8, 20 and 5 in respect of bagged cargo, jumbo bags, iron & steel – coils and slabs and iron & steel – pipes, tubes, plates.	The average tonnes per hook are considered based on the type of cargo, its handling method and its weight.
	(b). No. of cycles per hour at 8, 6, 6 and 8 in respect of bagged cargo, jumbo bags, iron & steel – coils and slabs and iron & steel – pipes, tubes, plates	It has been calculated based on estimated cycle timings of 8 to 10 minutes.
	(c). The average no. of hooks per shift at 1.5 in respect of each of the bagged cargo, jumbo bags, iron & steel – coils and slabs and iron & steel – pipes, tubes, plates.	Due to draught and length restriction, only smaller vessels can operate at shallow water berth, hence continuous two hook operation is not possible. Hence, the average no. of hooks per shift is taken 1.5
(iii).	The reason for considering 6 hours of effective productivity in a shift instead of 8 hours to be explained.	Considering the time loss during shift change/ lunch break/ tea break/ hatch closing –opening time , 6 hours of effective productivity is considered.
(iv).	The JNPT has considered the Ship day output for stevedoring operations in respect of bagged cargo, jumbo bags, iron & steel – coils and slabs and iron & steel – pipes, tubes, plates at 1200 tonnes per day, 1400 tonnes per day, 4000 tonnes per day and 1200 tonnes per day respectively. Considering the productivity norms per hook per shift as indicated in Annex – IV of the Stevedoring guidelines, it is seen that the Ship day output for stevedoring operations in respect of bagged cargo, jumbo bags, iron & steel – coils and slabs and iron & steel – pipes, tubes, plates should be 1350 tonnes per day (i.e. 300 tonnes per hook per shift x 1.5 hooks x 3 shifts), 2520 tonnes per day (i.e. 560 tonnes per hook per shift x 1.5 hooks x 3 shifts), 6120 tonnes per day (i.e. 1360 tonnes per hook per shift x 1.5 hooks x 3 shifts) and 1260 tonnes per day (i.e. 280 tonnes per hook per shift x 1.5 hooks x 3 shifts) respectively. The JNPT has considered the ship day productivity at a lower level for all the four commodity groups. The JNPT to align its ship day productivity considered in its proposal, to the productivity norms as indicated in the Stevedoring guidelines.	JNPT has handled only Jumbo bag, project cargo and machinery parts. The productivity considered for Jumbo bags is based on past performance. Due to constraints in operations of smaller size vessels, the productivity of other cargoes i.e. bagged cargo, iron and steel products is considered at lower levels.
(v).	Annex – VIII of the Stevedoring Guidelines (labour cost estimation) indicates the number of hooks per shift in respect of each of bagged cargo, jumbo bags, iron & steel – coils and slabs and iron & steel – pipes, tubes, plates at 3, 3, 3 and 4 respectively. However, the JNPT has considered the number of hooks per shift (in labour cost calculation) in respect of the above listed cargo at 1 in respect of Tindal and 1.5 each in respect of Signalman, Mazdoor and Operator. The reason for considering lower number of hooks for each of the cargo item to be justified.	The reason for considering lower number of hooks is same as given above.
(vi).	In calculation of charges for stevedoring operation, the JNPT has considered average cost of labour at ₹ 5000/- per shift. Clause 3.5.7 stipulates that the unit rate will be the prevailing market rate. JNPT to confirm whether the rate of ₹ 5000/- per labour per shift represents the prevailing market rate.	The rate considered was based on average per shift cost of labour at Kandla Port as indicated in the sample calculation sheets received with the Guidelines. Revised calculation with prevailing labour rate obtained from service

		providers is prepared and revised ceiling rates are worked out.																
(vii).	The Annex – VIII of the Stevedoring Guidelines does not indicate the norms for manpower requirement to handle Project cargo, Motor vehicles other than through RO-RO and Machinery and machinery parts. However, the JNPT has considered the manpower to handle Project cargo, Motor vehicles other than through RO-RO and Machinery and machinery parts. The number of hooks per shift considered by JNPT in respect of above listed cargo also does not match with the number of hooks per shift prescribed in respect of above listed cargo in the guidelines. The basis to estimate the no. of each type of labour category and number of hooks per shift for estimation of this labour cost to be explained.	The basis to estimate the no. of each type of labour category is the type of handling method and the discussion with the service providers. The basis for considering lower number of hook is the constraint on size of vessel that can be handled at shallow water berth.																
(viii).	The Annex – VIII of the Stevedoring Guidelines indicates the norms for manpower requirement, which has been considered by JNPT to arrive at the cost of on board labour. In addition, the JNPT has also considered cost of labour on shore at the wharf. Consideration of cost of labour on shore at the wharf in addition to on board labour may be justified. The basis to estimate the no. of each type of labour category for each type of cargo and number of hooks per shift for estimation of this labour cost also to be explained.	There is requirement of labour on the wharf side also during the stevedoring operation. This requirement is also reflected in the sample calculation sheets received with the guidelines. The basis of estimate the no. of each type of labour category for each type of cargo is as per the manning pattern sheet received with the guidelines and discussion with the stake holders. (Since the Stevedoring Guidelines do not have any sample calculation reflecting the requirement of labour on the wharf side, the JNPT was again requested to explain the basis for considering the same in its calculation. In this connection, the JNPT vide its e-mail dated 18 January 2017 has stated that the deployment of 'on-shore' manpower (manning scale) for stevedoring operations is considered as per the National Industrial Tribunal (NIT) Award for Break bulk cargo as part of Annexures to Draft Stevedoring Guidelines.)																
(ix).	With regard to the Equipment cost for the Stevedoring Operations, the JNPT has proposed deployment of 1 no. 30T DFLT each for handling iron & steel – coils and slabs and iron & steel – pipes, tubes, plates. Annex – VII of the Stevedoring Guidelines (equipment hire cost estimation) indicates the number of hooks worked per shift in respect of each of iron & steel – coils and slabs and iron & steel – pipes, tubes, and plates at 2.5. However, the same has been considered at 1.5 in the calculation of equipment hire cost in respect of iron & steel – coils and slabs and iron & steel – pipes, tubes, plates. The reason for considering lower number of hooks to be explained.	The basis for considering number of lower number hook is the constraint on size of vessel that can be handled at shallow water berth.																
(x).	The hire charge of 30T DFLT at ₹26900/- per shift appears to be the average of the hire charge quoted by five different parties. JNPT to furnish documentary evidence in support of the hire charges of 30T DFLT of all the five parties.	Copies of quotes received from different parties for equipment's is furnished.																
(xi).	The reason to not estimate any equipment hire cost for handling jumbo bags to be explained.	The Jumbo bags are directly discharged on Truck/ lifted from truck during discharge/loading operation using ships derricks /crane. Equipment is not required during this operation. Hence no equipment hire cost is estimated in stevedoring leg. However use of truck is considered in shore handling operation for transportation of cargo within the terminal.																
2.	Shore handling Operations:																	
(i)	The norms for hire of equipment for shore handling operations by method 3 for the four cargo items as well as the equipment proposed to be hired for shore handling operations for the four cargo items is tabulated below: <table border="1" data-bbox="284 1713 922 2060"> <thead> <tr> <th>Sl. No</th> <th>Type of Cargo</th> <th>Equipment to be deployed as per Norms</th> <th>Equipment proposed to be deployed by JNPT</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Bagged cargo</td> <td>Not Applicable</td> <td>Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 10T - 9 nos.</td> </tr> <tr> <td>2</td> <td>Jumbo bags</td> <td>Trucks 15 T- 9 nos.</td> <td>Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.</td> </tr> <tr> <td>3</td> <td>Iron & steel - coils and slabs</td> <td>Mobile Cranes 30 T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.</td> <td>Forklift Truck 30T - 2 nos. at yard, Tractor Trailers - 40T – 9 nos.</td> </tr> </tbody> </table>	Sl. No	Type of Cargo	Equipment to be deployed as per Norms	Equipment proposed to be deployed by JNPT	1	Bagged cargo	Not Applicable	Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 10T - 9 nos.	2	Jumbo bags	Trucks 15 T- 9 nos.	Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.	3	Iron & steel - coils and slabs	Mobile Cranes 30 T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.	Forklift Truck 30T - 2 nos. at yard, Tractor Trailers - 40T – 9 nos.	After discussion with service providers the proposed deployment of equipment Modified as Tractor Trailers - 10T - 9 nos. Equipment is required for load/unload jumbo bags from/to truck at stack yard. For jumbo bags use of 40 Tonne truck are used by service providers to optimise requirement of number of trucks. Fork lift with special attachment are faster in operation. For Iron and steel products both fork lift Truck and Mobile cranes can be used. However due to its faster operation and flexibility Fork lift is preferred equipment for these commodities. The hire charges for both do not vary much hence ceiling rates are arrived at considering
Sl. No	Type of Cargo	Equipment to be deployed as per Norms	Equipment proposed to be deployed by JNPT															
1	Bagged cargo	Not Applicable	Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 10T - 9 nos.															
2	Jumbo bags	Trucks 15 T- 9 nos.	Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.															
3	Iron & steel - coils and slabs	Mobile Cranes 30 T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.	Forklift Truck 30T - 2 nos. at yard, Tractor Trailers - 40T – 9 nos.															

	4	Iron & steel - pipes, tubes, plates	Mobile Cranes 10 T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos.	Mobile Cranes 10T - 2 nos. at yard, Tractor Trailers - 40T - 9 nos. equipment having higher hiring charge.												
From the above, it is seen that except for the shore handling of Iron & steel - pipes, tubes, plates, the equipment profile proposed to be deployed by JNPT is at variance with the equipment profile indicated in Annex – X of the shore handling and Stevedoring Guidelines. The JNPT is requested to explain the reason for the deviation in the equipment profile for each of the cargo items and justify the variance.																
(ii).	The hire charge of the various equipment considered by JNPT appears to be the average of the hire charge quoted by five different parties. Please furnish documentary evidence in support of the hire charges of each of the equipment for all the five parties.			Copies of quotes received from different parties for equipments is furnished.												
(iii).	Clause 4.5.7 of the Guidelines stipulates estimation of labour cost for shore handling of break bulk cargo at 10% of the equipment hire cost. However, the same has not been factored by JNPT in its workings.			After discussion with the service providers, the proposed manning requirement for shore handling have been estimated and used in arriving labour cost for shore handling at actuals and revised ceiling rates.												
(iv).	The basis to arrive at the labour cost for Project cargo, Motor vehicles other than through RO-RO and Machinery and machinery parts, at ₹30,000/- each may be explained.			The labour costs are arrived at based on requirement of deployment of labour in these activities.												
3 Scale of Rates:																
(i).	Note 5 under Section 4.5.2 of the proposed Scale of Rates makes a mention that the list of commodities included under each group is listed. However, no such commodities are listed under the proposed Note 5.			List of commodities is furnished.												
(ii).	A Note relating to indexation of tariff in line with clauses 2.10, 7.1 and 7.2 may be proposed.			<p>The JNPT proposes the following note: “The above Tariff caps will be indexed to inflation only to an extent of 60% of the variation in the Wholesale Price Index(WPI) occurring between 1st January and 31st December of the relevant Year. Such Automatic adjustment of tariff cap will come in to effect from 1st April of the relevant year till 31st March of the following year. However, the agency would be entitled to 100% WPI indexation instead of 60% WPI indexation, from the second year of operation, on achievement of performance standards prescribed by JNPT. An illustration showing determination of indexed up front tariff and performance linked tariff is for a commodity is given under;</p> <p>Assumed Upfront Tariff (2016-17) Rs.100/tonne Indexed Tariff (assumed inflation of WPI @ 10% per annum)</p> <table border="1" data-bbox="959 1397 1417 1648"> <thead> <tr> <th>Year</th> <th>Indexed Upfront Tariff (60% of WPI)</th> <th>Performance linked Tariff at 100% of the WPI indexation on the achievement of Performance Standards</th> </tr> </thead> <tbody> <tr> <td>2016-17</td> <td>106.00</td> <td>110.00</td> </tr> <tr> <td>2017-18</td> <td>112.36</td> <td>121.00</td> </tr> <tr> <td>2018-19</td> <td>119.10</td> <td>133.10</td> </tr> </tbody> </table>	Year	Indexed Upfront Tariff (60% of WPI)	Performance linked Tariff at 100% of the WPI indexation on the achievement of Performance Standards	2016-17	106.00	110.00	2017-18	112.36	121.00	2018-19	119.10	133.10
Year	Indexed Upfront Tariff (60% of WPI)	Performance linked Tariff at 100% of the WPI indexation on the achievement of Performance Standards														
2016-17	106.00	110.00														
2017-18	112.36	121.00														
2018-19	119.10	133.10														

6.1. A joint hearing in this case was held on 24 October 2016 at the Office of this Authority. At the joint hearing, the JNPT made a Power Point presentation of the proposal. The JNPT and the concerned users/ organization bodies have made their submissions at the joint hearing.

6.2. As decided at the joint hearing, the JNPT was requested vide our letter of even number dated 28 October 2016 to review its proposal in light of the inputs given by the users during the joint hearing and file its revised proposal by 31 October 2016. The JNPT was again reminded vide our letter dated 15 November 2016.

7.1. In response, the JNPT under cover of its letter no. JNP/FIN/TAMP/2016/767 dated 2 December 2016 has filed a revised proposal for fixation of normative tariff for stevedoring and shore handling

operations, taking into account the deliberation during the workshop held on 5 November 2016 and the joint hearing held on 24 October 2016.

7.2. A comparative position between the earlier proposal dated 06 September 2016 and the revised proposal dated 02 December 2016 is tabulated below:

“Ceiling Tariff rates for providing On board stevedoring and shore handling services for handling of Break Bulk Cargo’s by the Licensed Stevedoring and shore handling agencies.

Sr. No	Commodity Group	As per earlier proposal dated 06 September 2016				As per revised proposal dated 02 December 2016			
		Basis of Charge	Ship-day productivity Norm (MT)	Stevedoring Charges per MT (₹)	Shore handling Charges per MT (₹)	Basis of Charge	Productivity Norm	Stevedoring Charges (in ₹)	Shore handling Charges (in ₹)
1.	Bagged cargo	Per MT	1200	504.00	197.00	Per Ton	1200	103	207
2.	Jumbo bags	Per MT	1400	324.00	327.00	Per Ton	1500	64	346
3.	Iron & Steel-coils and slabs	Per MT	4000	106.10	157.00	Per Ton	4000	48	169
4.	Iron & steel-pipes, tubes, plates	Per MT	1200	353.68	382.00	Per Ton	1200	159	409
5.	Project cargo	Per Hook Per Shift	-	92,400.00	50,400.00	Per Ton	-	295	1195
6.	Motor vehicles other than through RORO	Per Hook Per Shift	-	92,400.00	50,400.00	Per Ton	-	689	84
7.	Machinery and machinery products	Per Hook Per Shift	-	92,400.00	50,400.00	Per Unit	-	-	-

Notes:

- (a). Stevedoring & Shore Handling Agencies who have been issued license by JNPT can only undertake to perform these activities at JNPT.
- (b). The licensed Stevedoring & Shore Handling Agency has to make all necessary arrangements (such as manpower, bringing equipments, gears, shackles, hooks, slings, heavy lifting beams, chain slings etc.) for carrying out safe and efficient Stevedoring & Shore handling operation.
- (c). Lashing and Unlashing of cargo on board the vessel shall be the responsibility of vessel agent. The above rates do not include lashing and unlashing charges.
- (d). Shore handling charges are applicable only for the cargo which is off loaded and stored in JNPT premises before loading/ delivery of cargo. These are not applicable to cargo directly loaded from/ discharged on consignee/ shipper truck.
- (e). The receipt/ delivery of cargo in/from JNPT is considered the responsibility of shipper/ consignee or their representative.
- (f). An amount of ₹20/- MT will be charged as Royalty by JNPT to the stevedoring and shore handling agency for the cargo handled by the Agency. In case two different agencies are involved in stevedoring and shore handling operations, the ₹ 20/- MT royalty shall be shared proportionately (as per the ceiling rates) by the two firms.
- (g). The list of commodities included under each group is given at Annex-; Any other break bulk cargo/commodity, which is not included in this list, that cargo/ commodity will be categorized in any of the above group based on the nature, physical characteristics and the method of handling of the cargo. (Amended as per guidelines as advised by TAMP).
- (h). The above tariff caps will be indexed to inflation only to an extent of 60% of the variation in the Wholesale Price Index (WPI) occurring between 1 January and 31 December of the relevant year. Such Automatic adjustment of tariff cap will come in to effect from 1 April of the relevant year till 31 March of the following year. However, the agency would be entitled to 100% WPI indexation instead of 60% WPI indexation, from the second year of operation, on achievement of performance standards prescribed by JNPT. An illustration showing determination of indexed up front tariff and performance linked tariff is for a commodity is given under;

Assumed upfront tariff (2016-17) (₹ 100/ tonne)
Indexed Tariff (assumed inflation of WPI @ 10% per annum)

Year	Indexed Upfront Tariff (60% of WPI)	Performance linked Tariff at 100% of the WPI indexation on the achievement of Performance Standards.
2016-17	106.00	110.00
2017-18	112.36	121.00
2018-19	119.10	133.10

“

7.3. As can be seen from the table of comparative position of rates, proposed, there is substantial reduction in the rates proposed for stevedoring operation as per the revised proposal. The reason for substantial reduction is seen to be the change in the basis considered by JNPT in the unit labour cost. The JNPT considered in its proposal dated 6 September 2016 the unit labour cost at an average rate of ₹5000/- per labour per shift reportedly based on the average gang cost of ₹5000/-, each gang comprising of 5 labour at Kandla. In the revised proposal dated 2 December 2016, the JNPT has considered the labour cost from market survey taking maximum Quote for each category of labour.

7.4. Since the JNPT made significant changes to the proposed rates in its revised proposal, a copy of the JNPT revised proposal dated 02 December 2016 was forwarded to the concerned users/ user organisations for their comments vide our letter dated 9 December 2016. None of the users/ user organization have furnished their comments till the case was taken up for finalization.

8.1. In the meanwhile, keeping in view that the Ministry of Shipping (MOS) has directed this Authority for immediate action on the Stevedoring proposals filed by the Major Port Trusts, the Authority vide its Order dated 8 February 2017 has granted ad hoc approval to the upfront tariff for stevedoring and shore handling operations and Performance Standards as proposed by the port on an interim basis pending approval of final rates by the Authority. The Order also states that the final rates (to be) approved by this Authority will have prospective effect and that the interim rate adopted in an ad hoc basis will be recognized as such and that there will not be any question of refund/ recovery, if any, incase of variation between the adhoc rates and final rates. This Order was notified in the Gazette of India on 01 March 2017 vide Gazette no. 75. The Order was communicated to the JNPT and to the users on 07 March 2017.

8.2. In this connection, the JNPT vide its letter dated 17 March 2017 has stated the following:

- (i). As per the clause No. 3(v) of Stevedoring and Shore handling policy for Major Ports 2016, the Port Trusts shall charge a royalty as license fee for the Stevedoring and Shore handling Licenses. In this connection, JNPT had proposed the following:

“An amount of ₹20/- MT will be charged as Royalty by JNPT to the stevedoring and shore handling agency for the cargo handled by the agency. In case two different agencies are involving in stevedoring and shore handling operations, the ₹20/- MT royalty shall be shared proportionately (as per the ceiling rates) by the two firms”.

However, there is no mention regarding the Royalty in the TAMP order. Clarification may be given for the same.

- (ii). Part-I, (II) General Conditions (x): if any new cargo is to be handled which is not notified/not included in the list, then the port may categorise the cargo under any one of the cargo categories based on the nature, physical characteristics and the method of handling of the cargo.

The List of Commodities included under each group was given as “Annex” along with the proposal, but the same is not appearing in the TAMP Order. TAMP may include the “Annex” in the scale of rates for reference which is enclosed herewith.

- (iii). Part-I, (II) General Conditions, (xxi) & Part-II (Upfront tariff for providing on board Stevedoring and Shore handling services for handling Break Bulk Cargo's by the Licensed Stevedoring agency).

The rate for stevedoring and shore handling operations are arrived at by taking into account the operation costs consisting of equipment hire costs, labour costs, operational overheads and administrative overheads, as per the “Guidelines for determination of Upfront Tariff for Stevedoring and shore handling operations Authorized by Major Ports”, without differentiating whether the cargo is coastal or foreign. Clarification may be given as to whether Part-I, (III) General Conditions, (xxi) (coastal policy direction issued by the MOS and notified by TAMP vide Order No. TAMP/4/2004-GEN dated 7th January 2005 and 15th March 2015, are applicable to Part-II (Upfront tariff for providing on board Stevedoring and Shore handling services for handling Break Bulk Cargo's by the Licensed Stevedoring agency).

9. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>.

10. With reference to totality of the information collected during the processing of this case, the following position emerges:

- (i). The Ministry of Shipping in June 2016 has issued Stevedoring and Shore Handling Policy for Major Ports, 2016, to fix normative tariff for carrying out of Stevedoring and Shore Handling operations, separately for mechanized and manual handling of dry bulk cargo and break bulk cargo. Subsequently, the MOS in October 2016 has forwarded the Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operation authorized by Major Ports. In this backdrop, the Jawaharlal Nehru Port Trust (JNPT) has come up with a proposal for fixation of normative tariff for stevedoring and shore handling operations at JNPT.
- (ii). The JNPT had initially filed a proposal in September 2016. Subsequently, based on the information/ clarification sought by us and based on the input received from users by the Port, the JNPT has filed a revised proposal in December 2016. The proposal of December 2016 alongwith the information/ clarification furnished by the JNPT during the proceedings of the case in reference is considered in the analysis.
- (iii). At the JNPT, in the dry bulk cargo category, the only cargo i.e. loose Cement, is handled through mechanised means, thereby not involving any stevedoring/ shore handling operations. With the available limited infrastructure, the port is handling only break bulk cargo like bagged cargo, iron & steel products such as coils slabs, pipes, tubes, plates, project cargo, machinery and machinery products, motor vehicles other than through RORO, which can be stored in open space, that too in small quantity. In view of the above position, the JNPT proposal is for fixation of upfront tariff for stevedoring and shore handling operations for the above mentioned break bulk cargo groups only. The JNPT has listed out the commodities included in each of the break bulk cargo groups. The said grouping is seen to be as per the Classification of commodities indicated in the Stevedoring and Shore Handling Guidelines.
- (iv). **Productivity Norms:**
 - (a). The JNPT has arrived at the Productivity norms in respect of Bagged cargo, Jumbo bags, Iron & Steel-coils and slabs and Iron & steel-pipes, tubes, plates at 1200 tonnes per day, 1500 tonnes per day, 4000 tonnes per day and 1200 tonnes per day respectively.
 - (b). A comparative position of the various parameters taken into account by the JNPT to arrive at the above proposed productivity norms vis-à-vis, the norms of the said parameters as prescribed in the stevedoring and Shore Handling Guidelines is attached as **Annex – I**.
 - (c). As can be seen from the said Annex, the productivity norms as worked out by JNPT are significantly lower than the productivity norms worked out based on the parameters stipulated in the Stevedoring Guidelines. However, in view of the constraints in handling bigger vessels at the Shallow Draught Berth put forth by the Port (as brought out in the Annex), this Authority is inclined to approve the productivity norms as worked out by JNPT, in respect of Bagged cargo, Jumbo bags, Iron & Steel-coils and slabs and Iron & steel-pipes, tubes, plates, exercising powers conferred on it by clause 1.8 of the Guidelines to accept necessary adjustments in the norms, keeping in view the port specific conditions having impact on the norms prescribed in the Guidelines.
 - (d). Further, since the cargo viz., Project cargo, Motor Vehicles other than through RORO and Machinery & Machinery parts are not homogeneous in nature and come in different size, shape and weight, the Stevedoring and Shore Handling Guidelines do not prescribe any productivity norm in respect of these cargo groups. However, the JNPT in its proposal has proposed Productivity norms at 70 numbers per shift in respect of Project cargo, Machinery & Machinery parts and at 30 numbers per shift in respect of Motor Vehicles other than through RORO, reportedly based on discussion with the service providers. The judgment of the port in this regard is relied upon.

(v). **Rates for the Stevedoring Operations:**

(a). As stipulated in Clause 3.5.2 of the Stevedoring and Shore Handling Guidelines, the Operating cost for the Stevedoring Operations are grouped under following major heads, viz., Equipment hire cost, Labour cost, Operational Overheads and Administrative Overheads.

(b). Equipment hire charge:

The Equipment hire charge has been estimated by the Port in respect of hire of one number of 30 tonne Fork Lift Truck to handle Iron & Steel-coils and slabs and Iron & steel-pipes, tubes, plates, in line with the Stevedoring and Shore Handling Guidelines. Further, as per the Stevedoring and Shore Handling Guidelines, the hire charges towards deployment of equipment is to be estimated based on the equipment hire cost prevailing at the relevant port locations or prevailing market based hire cost.

The hire charge of the Fork Lift Truck considered by JNPT at ₹24210/- per shift is seen to be at 90% of the average of the hire charge quoted by five different parties. The JNPT has furnished documentary evidence in support of the hire charge of equipment from all the five parties. The hire charge of ₹24,210/- considered by JNPT is taken into account.

Though the Guidelines stipulate deployment of one number of 5 tonne Fork Lift Truck to handle jumbo bags, the JNPT has not estimated any equipment hire cost for handling jumbo bags, on the ground that the Jumbo bags are directly discharged on Truck using ships derricks/ crane during discharge operation and vice versa, thereby not requiring any equipment during stevedoring operation. The guidelines do not prescribe any equipment for bagged cargo, project cargo, Motor Vehicles and Machinery for ship-shore operations. For handling break bulk cargo, mostly the cranes on board the ship are used. The JNPT also has not proposed any equipment for the said cargo item.

(c). Labour Cost:

(i). The Labour cost has been estimated by JNPT with regard to deployment of Labour on board and on Wharf.

(ii). The number of each type of manpower except for cargo groups of Project Cargo, Motor Vehicles and Machinery & Machinery Parts to be deployed on board as taken into account by JNPT is seen to be as stipulated in the Stevedoring and Shore Handling Guidelines. So far as the other three cargo groups mentioned above, the guidelines do not prescribe norms for manpower requirement. The JNPT has finalised the manning pattern for these cargo groups as per the discussion with the service provider. The manning scale for these three cargo groups is found to be at par with the manning scale for the cargo group of Iron & Steel, Coils and Slabs, which are reportedly as per the Award of NIT. Therefore, the manning scale for the three cargo groups considered by the JNPT is relied upon. With regard to the number of hooks for labour cost calculation, as against the norm of 3-4 hooks per shift as stipulated in the Guidelines, the JNPT has considered 1 number of hook per shift in respect of all the cargo in relation to Tindal and 1.5 number of hook per shift each in respect of Signalman, Mazdoor and Operator in respect of Bagged cargo, Jumbo bags, Iron & Steel-coils and slabs and Iron & steel-pipes, tubes, plates and 1 number of hook per shift in respect of Project cargo, Machinery & Machinery parts and Motor Vehicles other than through RORO, on the ground that only smaller vessels can operate at shallow water berth due to draught and length restriction, thereby restricting the operation with higher number of hooks. In view of the difficulties put forth by the Port (as brought out in the Annex) and since none of the users have objected to the lower number of hooks considered by the JNPT, this Authority is inclined to take into account the number of hooks as considered by JNPT, exercising powers conferred on it by clause 1.8 of the Guidelines to accept necessary adjustments in the norms, keeping in view the port specific conditions having impact on the norms prescribed in the Guidelines.

- (iii). In addition to the cost of on board labour, the JNPT has also considered cost of labour on shore at the wharf. Though the Stevedoring and Shore handling Guidelines do not stipulate any norms towards deployment of labour on shore at the wharf, it is seen from paragraph 38 of the NIT Award that labour would be required on shore at the wharf side also for the Stevedoring Operations viz. for unslinging of the load on the quay or unslinging of the load directly on the Trailers for direct delivery from hook point or unslinging of the load for transportation of the cargo to stacking yard or shed or stacking at the yard or shed. The number of each type of labour category for each type of cargo is reported to be as per the National Industrial Tribunal (NIT) Award for Break bulk cargo. In view of the justification furnished by the Port, the proposed cost for deployment of labour on shore at the wharf as per the NIT Award is taken into account.
- (iv). The unit rate for labour deployment will be the prevailing actual cost of labour for the quantum of labour prevailed in the norms. The cost of each category of manpower is reported to be the prevailing labour rate as obtained from various service providers. The JNPT has furnished documentary evidence in support of the labour cost.
- (d). Each of the Operational Overheads and Administrative Overheads has been estimated at 20% of the equipment hire cost and labour cost, which is as per the stipulation contained in Clause 3.5.8 and 3.5.9 of the Stevedoring and Shore Handling Guidelines.
- (e). As stipulated in Clause 5 of the Stevedoring and Shore Handling Guidelines, margin at 20% on the total operating cost has been considered by JNPT to arrive at the upfront stevedoring tariff.
- (f). A working to arrive at the upfront stevedoring tariff, based on the various parameters discussed above, is attached as **Annex – II**.
- (vi). **Rates for the Shore handling Operations:**
- (a). As stipulated in Clause 4.5.2 of the Stevedoring and Shore Handling Guidelines, the Operating cost for the Shore Handling Operations are grouped under following major heads, viz., Equipment hire cost, Labour cost, Operational Overheads and Administrative Overheads.
- (b). Equipment hire cost:

Clause 4.5.6 of the Stevedoring and Shore Handling Guidelines stipulates estimation of hire cost of Equipment for the equipment proposed to be deployed for the shore handling operations. Clause 4.4.2 of the Stevedoring and Shore Handling Guidelines lists down the different handling methods that are adopted for shore handling of the break bulk cargo. Out of the different handling methods, the JNPT has taken into account the method 4 of unloading of cargo onto wharf and loading onto trucks and transportation to storage yard within the port premises or vice versa in respect of bagged cargo and proposed deployment of relevant equipment. In respect of other cargo items, the JNPT has taken into account the method 3 of unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa and proposed deployment of relevant equipment.

A comparative position of the equipment deployment for Shore handling operation as prescribed in the Stevedoring and Shore Handling Guidelines vis-à-vis, the equipment deployment profile as proposed by JNPT is given below:

Sl. No	Particulars	Method of Shore Handling Operation as prescribed in the Guidelines	Equipment Profile		Reason for deviation as explained by JNPT
			Norm	Proposed by JNPT	
.					

1	Bagged cargo	Method 4 - Unloading of cargo onto wharf and loading onto trucks and transportation to storage yard within the port premises or vice versa	10 T Trucks - 9 nos.	10 T Trucks - 9 nos.	No deviation
2	Jumbo bags	Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	15 T Trucks - 9 nos.	10 T Mobile Cranes - 2 nos. at yard 40 T Trucks - 9 nos.	Mobile Crane is envisaged for loading/ unloading jumbo bags from/ to truck at stack yard. 40 Tonne trucks are envisaged to optimise requirement of number of trucks.
3	Iron & steel - coils	Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	30 T Mobile Cranes - 2 nos. at yard, 40 T Tractor Trailers - 9 nos.	30 T Mobile Cranes/ Fork Lift Trucks - 2 nos. at yard, 40 T Tractor Trailers - 9 nos.	No deviation. However, Fork lift with special attachment is preferred to have flexibility for faster operation of Iron and steel products. Even the hire charges do not vary much.
4	Iron & steel - pipes, tubes, plates and slabs	Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	10 T Mobile Cranes - 2 nos. at yard, 40 T Tractor Trailers - 9 nos.	30 T Mobile Cranes/ Fork Lift Trucks - 2 nos. at yard, 40 T Tractor Trailers - 9 nos.	
5	Project cargo, Machinery and machinery products	Method 3 - Unloading of cargo onto trucks and transportation to storage yard within the port premises or vice versa	Not given	15 T Fork Lift Trucks - 1 nos. at yard, 40 T Tractor Trailers - 4 nos.	For loading/ unloading of cargo onto trucks and transportation to storage yard or vice versa
6	Motor vehicles other than through RORO	Not applicable	Not given	Not prescribed	No deviation

As seen above, there is a slight variation in the type of equipment proposed to be deployed for undertaking the shore Handling Operations as compared to the equipment deployment profile envisaged in the Stevedoring and Shore Handling Guidelines. However, in view of the reasons given by JNPT as brought out above and since none of the users have objected to the equipment proposed to be deployed by JNPT, this Authority is inclined to consider the equipment profile as proposed by JNPT, exercising powers conferred on it by clause 1.8 of the Guidelines to accept necessary adjustments in the norms, keeping in view the port specific conditions having impact on the norms prescribed in the Guidelines.

The hire charge of the equipment proposed to be deployed by JNPT is seen to be the average of the hire charge quoted by five different parties. The JNPT has furnished documentary evidence in support of the hire charge of all the types of equipment (except 10 T Trucks) from all the five parties. The hire charge for the 10 T Trucks considered by JNPT is relied upon.

(c). Labour Cost:

Clause 4.5.7 of the Stevedoring and Shore Handling Guidelines stipulates estimation of Labour cost at 10% of the equipment hire cost for break bulk cargo. However, the JNPT has considered the labour cost on actual deployment basis. The JNPT has proposed deployment of 1 no. Tally Clerk for all the cargo items. In respect of Mazdoor, the JNPT has proposed deployment of 4 nos. in respect of Jumbo bags, Iron & steel – coils, Iron & steel - pipes, tubes, plates and slabs, 8 nos. in respect of Bagged cargo and 2 nos. in respect of Project cargo, Machinery and machinery products. No deployment of Mazdoor is envisaged in respect of Motor vehicles other than through RORO.

The cost of each category of manpower is the prevailing labour rate as obtained from various service providers, which is supported by documentary evidence.

It is noteworthy that the labour cost as estimated by the JNPT is about 7% of the equipment hire cost as against the norm of 10% of the equipment cost as stipulated in the Guidelines. The estimate of labour cost as estimated by JNPT is considered in this analysis.

(d). Each of the Operational Overheads and Administrative Overheads have been estimated at 20% of the equipment hire cost and labour cost, which is as per the

stipulation contained in Clause 4.5.8 and 4.5.9 of the Stevedoring and Shore Handling Guidelines.

- (e). As stipulated in Clause 5 of the Stevedoring and Shore Handling Guidelines, margin at 20% on the total operating cost has been considered by JNPT to arrive at the upfront shore handling tariff.
- (f). A working to arrive at the upfront shore handling tariff, based on the various parameters discussed above is attached as **Annex-III**.
- (vii). As brought out earlier, the JNPT has revised its proposal in December 2016. The details of the revision effected by JNPT has been brought out earlier. In this connection, reference is drawn to the upfront tariff proposed in respect of Project cargo, Motor vehicles other than through RORO and Machinery and machinery products. In the revised proposal, the earlier unit of levy proposed for the above referred items on "Per Hook Per Shift" basis has been revised by the Port to be levied "on per tonne" basis based on the suggestions given by the stakeholders during the Joint Hearing. The proposal of the port in this regard is approved.
- (viii). Based on the clarifications furnished by the JNPT, the upfront Stevedoring and Shore Handling Charges for the Break bulk cargo as proposed by the Port in its revised proposal is approved.
- (ix). In the proposed Scale of Rates, the JNPT has defined the terms 'Stevedoring' as Stevedoring includes loading and unloading and stowage of cargo in any form on board the vessels in Port and 'Shore Handling' as Shore handling includes arranging and receiving the cargo to/ from the hook point, inter modal transport from wharf to stack yard and vice-versa and also receiving and delivering of cargo from/ to wagons/ trucks. The said definitions are seen to be in line with the definitions prescribed in the Stevedoring and Shore Handling Policy. Hence, the proposed definition is approved.
- (x). In the proposed Scale of Rates, the JNPT has proposed a note to the effect that the amount of royalty/ revenue share to be payable by the stevedoring and shore handling agency. The said note is seen to be relevant for prescription in the License agreement to be entered by JNPT with the stevedoring and shore handling agency and need not form part of the scale of Rates notified by this Authority. Hence, the said proposed note is deleted.
- (xi). In the proposed Scale of Rates, the JNPT has proposed some notes to the effect that only Stevedoring & Shore Handling Agencies who have been issued license by JNPT can perform these activities at JNPT, the licensed Stevedoring & Shore Handling Agency to make necessary arrangements (such as manpower, bringing equipments, gears, shackles, hooks, slings, heavy lifting beams, chain slings, etc.) for safe and efficient operations, Lashing and Unlashing of cargo on board the vessel is to be the responsibility of vessel agent and that the rates do not include lashing and unlashing charges, Shore handling charges to be applicable only for the cargo which is off loaded and stored in JNPT premises before loading/ delivery of cargo and are not applicable to cargo directly loaded from/ discharged on consignee / shipper truck, the receipt/ delivery of cargo in/ from JNPT is considered the responsibility of shipper/ consignee or their representative. Since the proposed notes give clarity on the application of the Stevedoring and Shore Handling tariff notified by this Authority, the incorporation of the said proposed notes is approved.
- (xii). The rates for Project Cargo, Machinery and Machinery Products have been arrived at by JNPT considering the per shift productivity of 70 units of the above said cargo items. Therefore, the basis of charge is prescribed as "per unit" instead of per ton proposed by JNPT.

In the table of charges proposed by JNPT at serial No. 2 of the SOR, the per day productivity is replaced with per shift productivity, since per shift productivity is considered by JNPT for calculation of the proposed rates.
- (xiii). In line with the stipulation in Clause 2.7. of the Stevedoring and Shore Handling Guidelines, a note is prescribed to the effect that the upfront Stevedoring and Shore Handling so set by TAMP are at the ceiling levels.
- (xiv). As per Clause 2.10 of the Stevedoring and Shore Handling Guidelines, tariff caps will be indexed annually to the inflation to the extent of 60% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January and 31

December of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Further, as per clause 7 of the Stevedoring and Shore Handling Guidelines read with clause 2.10 of the Guidelines, annual indexation in SOR at 100% of the WPI is applicable subject to achievement of Performance Standards by the Operator. In the event the JNPT confirms that the Operator has not achieved the prescribed performance standards in previous 12 months, the operator will not be entitled for 100% WPI indexation. The operator will continue to levy the tariff with 60% indexation as prescribed in Clause 2.10 of the Stevedoring and Shore Handling Guidelines.

The JNPT has prescribed a note to the above effect in its proposed Scale of Rates along with an illustration. The said illustration forms part of the Stevedoring and Shore Handling Guidelines. The note as proposed by the JNPT is approved.

- (xv). In addition to the definitions as proposed by JNPT, some other definitions relating to “coastal vessel”, “foreign going vessel”, “stevedoring”, “shore handling agent” are also prescribed in the upfront tariff schedule. Further, in addition to the notes as proposed by JNPT, some other notes relating to “classification of vessel” and some other notes flowing from the Stevedoring and Shore Handling Policy are also prescribed in the upfront tariff schedule.
- (xvi). Clause 2.11. of the Stevedoring and Shore Handling Guidelines states that before commencement of the stevedoring and or the shore handling operations, the operator will approach this Authority for notification of the Scale of Rates containing the ceiling rates of the stevedoring and or the shore handling charges and performance standards as required under Section 48 of the Major Port Trust Act, 1963. As per Clause 2.3 of the Stevedoring and Shore Handling Guidelines, once the upfront tariff caps are set out for stevedoring and shore handling operations of various commodities for a port, it will be applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms and will be valid for a period of three years.

In this regard, it is relevant to state that this Authority in consultation with all the Major Port Trusts had already, with reference to regulation of rates for provision of services by person authorised under Section 42 of the Major Port Trusts Act, 1963, decided that regulation of tariff can be done for the port as a whole without reference to individual service providers. Accordingly, this Authority had decided that ceiling tariff will be prescribed for a particular port and the port trust concerned will ensure their application to authorised service provider by making it a condition of authorisation in terms of Section 42(3) of the Major Port Trusts Act, 1963, while issuing the license. The said decision of this Authority was communicated to all the Major Ports and Ministry of Shipping (MOS) vide letter No TAMP/47/2000-MBPT dated 6 May 2002.

In view of the above position and keeping in view Clause 2.3. of the Stevedoring and Shore Handling Guidelines, the JNPT may apply the ceiling rates approved to the authorised individual stevedoring and shore handling operator, by making it as a condition of authorization, while issuing licenses, for a period of 3 years.

11.1. In the result, and for the reasons give above, and based on the collective application of mind the upfront Stevedoring and Shore Handling Charges along with the Performance Standards for the JNPT, attached as **Annex – IV**, is approved.

11.2. The ceiling rates approved may be applied to the authorised individual stevedoring and shore handling operator, by making it as a condition of authorization, while issuing licenses, for a period of 3 years. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

11.3. The indexation of upfront Stevedoring and Shore Handling Charges as provided in Clause 2.10 of the Stevedoring and Shore Handling Guidelines is to be read with Clause 7 of the Stevedoring and Shore Handling Guidelines. If the Operator does not achieve the prescribed performance standards in previous 12 months, the operator will not be entitled for 100% WPI indexation and the operator will continue to levy the tariff with 60% indexation as prescribed in Clause 2.10 of the Stevedoring and Shore Handling Guidelines.

11.4. As stipulated in Clause 8.1. of Stevedoring and Shore Handling Guidelines, the operator shall furnish to the JNPT and to this Authority, annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/ shore handling operations licensed by the port. Any other information which is required by this Authority shall also be furnished from time to time.

11.5. As stipulated in Clause 8.2. of Stevedoring and Shore Handling Guidelines, this Authority shall publish on its website all such information received from operators and Major Port Trusts. However, this Authority shall consider a request from any operator or Major Port Trust about not publishing certain data/information furnished which is commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/operation of upon publication. This Authority's decision in this regard would be final.

11.6. As stipulated in Clause 9.2. of Stevedoring and Shore Handling Guidelines, the performance actually achieved by the operator shall be monitored by both the JNPT and this Authority on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.

11.7. As stipulated in Clause 10 of Stevedoring and Shore Handling Guidelines, in the event any user has any grievance regarding non-achievement by the operator of the Performance Standards as notified by this Authority, he may prefer a representation to this Authority which, thereafter, shall conduct an inquiry into the representation and give its finding to the JNPT. The JNPT will be bound to take necessary action on the findings as per the provisions of the contract conditions of the Agreement.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

Comparative position of the various parameters taken into account by the JNPT to arrive at the proposed productivity norms vis-à-vis, the norms of the said parameters as prescribed in the stevedoring and Shore Handling Guidelines

Sl. No.	Particulars	Bagged Cargo		Jumbo Bags		Iron & Steel-coils		Iron & steel-pipes, tubes, plates		Reason for deviation as explained by JNPT
		Norm	Proposed by JNPT	Norm	Proposed by JNPT	Norm	Proposed by JNPT	Norm	Proposed by JNPT	
1	Average no. of hooks per shift	2.5	1.5	2.5	1.5	2.5	1.5	2.5	1.5	Due to draught and length restriction, only smaller vessels can operate at shallow water berth. Thus, continuous two hook operation is not possible.
2	Tonnes per hook per shift (in tonnes)	300	250	560	320	1360	800	280	250	Productivity for Jumbo bags is based on past performance. In respect of bagged cargo, iron and steel products, productivity is considered at lower levels due to constraints in operations of smaller size vessels.
3	No. of shifts	3	3	3	3	3	3	3	3	No deviation
4	Productivity per day (1 x 2 x 3)	2250	1125	4200	1440	10200	3600	2100	1125	
5	Productivity per day (rounded off)	2250	1200	4200	1500	10200	4000	2100	1200	
6	Productivity per shift (rounded off)	750	400	1400	500	3400	1333.33	700	400	

Workings to arrive at the upfront Stevedoring Tariff at JNPT.

Sr. No	Cargo type	Handling by Ship's Gears		Operating Cost							Margin @ 20%	Total Cost + margin	Per tonne rate (in Rs.)	
		Productivity (In ton)	Per shift Productivity (In ton)	Equipment Hire Cost	Labour			Total Equipment hire cost & Labour	Operational overheads	Management & Administrative overheads				Total Cost
					On board	on wharf	total							
1	Bagged cargo	1200	400	0	11000	13550	24550	24550	4910	4910	34370	6874	41244	103
2	Jumbo bags	1500	500	0	11000	8150	19150	19150	3830	3830	26810	5362	32172	64
3	Iron & steel - coils	4000	1333	24210	8300	5450	13750	37960	7592	7592	53144	10629	63773	48
4	Iron & steel - pipes, tubes, plates and slabs	1200	400	24210	8300	5450	13750	37960	7592	7592	53144	10629	63773	159
5	Project cargo, Machinery and machinery products (In nos.)		70	0	5950	6350	12300	12300	2460	2460	17220	3444	20664	295
6	Motor vehicles other than through RORO (In nos.)		30	0	5950	6350	12300	12300	2460	2460	17220	3444	20664	689

Workings to arrive at the upfront Shore Handling Tariff at JNPT.

Sr. No	Cargo type	Productivity (In ton)	Per shift Productivity (In ton)	Operating Cost						Margin @ 20%	Total Cost + margin	Per tonne rate (in Rs.)
				Equipment Hire Cost	Labour Cost	Total Equipment hire cost & Labour	Operational overheads @ 20%	Management & Administrative overheads @ 20%	Total Cost			
1	Bagged cargo	1200	400	40500	8700	49200	9840	9840	68880	13776	82656	207
2	Jumbo bags	1500	500	90900	5100	96000	19200	19200	134400	26880	161280	323
3	Iron & steel - coils	4000	1333	128900	5100	134000	26800	26800	187600	37520	225120	169
4	Iron & steel - pipes, tubes, plates and slabs	1200	400	92300	5100	97400	19480	19480	136360	27272	163632	409
5	Project cargo, Machinery and machinery products		70 (In nos.)	46500	3300	49800	9960	9960	69720	13944	83664	1195
6	Motor vehicles other than through RORO		30 (In nos.)	0	1500	1500	300	300	2100	420	2520	84

JAWAHARLAL NEHRU PORT TRUST
UPFRONT TARIFF FOR STEVEDORING AND SHOREHANDLING SERVICES

1. Definition:

- (i). “Coastal vessel” shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the Directorate General of Shipping/ Competent Authority.
- (ii). “Foreign-going vessel” shall mean any vessel other than coastal vessel.
- (iii). ‘Stevedoring’ includes loading and unloading and stowage of cargo in any form on board the vessels in Port.
- (iv). ‘Shore handling’ includes arranging and receiving the cargo to/from the hook point, inter modal transport from wharf to stack yard and vice-versa and also receiving and delivering of cargo from/to wagons /trucks.
- (v). ‘Stevedore’ is an authorized agent for loading and unloading and anchorage of cargo in any form on board the vessels in ports and to whom the licence has been given under regulations.
- (vi). ‘Shore handling agent’ is an authorized agent for arranging the receiving the cargo to/ from the hook point, intermodal transport from wharf to stock yard and vice-versa and also receiving and delivering of cargo from/ to wagons/ trucks.

2. Upfront Tariff rates for Providing On board Stevedoring and Shore Handling Services for handling of Break Bulk cargos by the Licensed Stevedoring and Shore Handling agencies:

Sr. No	Commodity Group	Basis of Charge	Per Shift Productivity (Tonnes)	Stevedoring Charges in ₹	Shore Handling Charges in ₹
1	Bagged cargo	Per Ton	400	103	207
2	Jumbo bags	Per Ton	500	64	346
3	Iron & steel-coils and slabs	Per Ton	1333	48	169
4	Iron & steel – pipes, tubes, plates	Per Ton	400	159	409
5	Project cargo, Machinery and machinery products	Per unit	70	295	1195
6	Motor vehicles other than through RORO	Per unit	30	689	84

Notes:

- (i). Stevedoring & Shore Handling Agencies who have been issued license by JNPT can only undertake to perform these activities at JNPT.
- (ii). The licensed Stevedoring & Shore Handling Agency has to make all necessary arrangements (such as manpower, bringing equipment’s, gears, shackles, hooks, slings ,heavy lifting beams, chain slings ,etc.) for carrying out safe and efficient Stevedoring & Shore Handling operations.
- (iii). Lashing and Unlashing of cargo on board the vessel shall be the responsibility of vessel agent. The above rates do not include lashing and unlashing charges.
- (iv). Shore handling charges are applicable only for the cargo which is off loaded and stored in JNPT premises before loading /delivery of cargo. These are not applicable to cargo directly loaded from/discharged on consignee /shipper truck.
- (v). The receipt/ delivery of cargo in/ from JNPT is considered the responsibility of shipper/ consignee or their representative.

- (vi). The List of Commodities included under each group is attached herewith. Any other Break Bulk cargo/commodity, which is not included in this list, that cargo / commodity will be categorised in any of the above group based on the nature, physical characteristics and the method of handling of the cargo.
- (vii). The above Tariff caps will be indexed to inflation only to an extent of 60% of the variation in the Wholesale Price Index (WPI) occurring between 1st January and 31st December of the relevant Year. Such Automatic adjustment of tariff cap will come in to effect from 1st April of the relevant year till 31st March of the following year. However, the agency would be entitled to 100% WPI indexation instead of 60% WPI indexation, from the second year of operation, on achievement of performance standards prescribed by JNPT. The list of Performance Standards prescribed by JNPT is attached herewith. An illustration showing determination of indexed up front tariff and performance linked tariff is for a commodity is given under;

Assumed Upfront Tariff (2016-17)

₹ 100/ tonne

Indexed Tariff (assumed inflation of WPI @ 10% per annum)

Year	Indexed Upfront Tariff (60% of WPI)	Performance linked Tariff at 100% of the WPI indexation on the achievement of Performance Standards
2016-17	106.00	110.00
2017-18	112.36	121.00
2018-19	119.10	133.10

For this purpose, the Operator shall approach the JNPT within 30 days of completion of financial year of operation along with details of cargo wise average Performance standard achieved for each cargo for both stevedoring and shore handling operations.

The JNPT shall ascertain the achievement of performance standards claimed to have been achieved by the operator by engaging Consultant if required in one month's time.

The operator can apply 100% indexation instead of 60% on written confirmation by the JNPT to the operator that it has achieved the Performance Standards notified along with the upfront tariff.

In the event the JNPT confirms that the operator has not achieved the Performance Standards as notified by TAMP in previous 12 months, the operator will not be entitled for 100% WPI indexation. The operator will continue to levy the tariff with 60% indexation as prescribed at clause 2.10. of the normative tariff guidelines, 2016.

- (viii). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for classifying into 'coastal' or 'foreign-going' category for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ix). System of classification of vessel for levy of Vessel Related Charges (VRC)
- (a). A foreign going vessel of Indian flag having a General Trading Licence can convert to coastal run on the basis of a Customs Conversion Order. Such vessel that converts into coastal run based on the Customs Conversion Order at her first port of call in Indian Port, no further custom conversion is required, so long as it moves on the Indian Coast.
- (b). A Foreign going vessel of foreign flag can convert to coastal run on the basis of a Licence for Specified Period or voyage issued by the Director General of Shipping and a custom conversion order.
- (iii). Criteria for levy of Vessel Related Charges (VRC) at Concessional Coastal rate and foreign rate
- (a). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

- (b). In cases of such conversion coastal rates shall be chargeable till the vessel completes discharging operations at the last call of Indian Port; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.
- (c). For dedicated Indian coastal vessels having a Coastal licence from the Director General of Shipping, no other document will be required to be entitled to coastal rates.
- (iv). Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate
 - (a). Foreign going Indian Vessel having General Trading License issued for 'worldwide and coastal' operation should be accorded applicable coastal rates with respect to Handling Charges (HC) i.e. ship to shore transfer and transfer from/ to quay to/ from storage yard including wharfage in the following scenario:
 - (i). Converted to coastal run and carrying coastal cargo from any Indian Port and destined for any other Indian Port.
 - (ii). Not converted* to coastal run but carrying coastal cargo from any Indian Port and destined for any other Indian Port.

** The Central Board of Excise and Customs Circular no.15/2002-Cus. dated 25 February 2002 allows carriage of coastal cargo from one Indian port to another port in India, in Indian flag foreign going vessels without any custom conversion.*
 - (b). In case of a Foreign flag vessel converted to coastal run on the basis of a Licence for Specified Period or voyage issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container.
- (v). All the charges shall be denominated in Indian Rupees.
- (vi). This tariff is not applicable for BOT/ BOOT operators or any other arrangement for private sector participation who are governed by the Tariff Guidelines of 2005, 2008 and 2013.
- (vii). This tariff is applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms.
- (viii).
 - (a). The tariff notified is ceiling level.
 - (b). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The authorized agent may, if he so desires, charge lower rates and/or allow higher rebates and discounts.
 - (c). The authorized agent may also, if he so desire rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the users in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.
 - (d). The authorized agent should, however, notify the public such lower rates and/ or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and/or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.
- (ix). The authorized agent shall charge only for services provided by him. No notional booking of labour and other similar notional charges would be permitted.
- (x). If any new cargo is to be handled which is not notified/ not included in the list, then the port may categorise that cargo under any one of the cargo categories based on the nature, physical characteristics and the method of handling that cargo.
- (xi). Services for other miscellaneous activities and also the handling charges for specific cargoes when Port takes custody of cargo as per Section 42 of MPT Act shall continue to be levied by Port as per TAMP notified SOR.

- (xii). All the operators shall furnish to the Major Port Trust and TAMP annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/ shore handling operations licensed by the port. Any other information which may be required by TAMP shall also be furnished to them from time to time.
- (xii). TAMP shall publish on its website all such information received from operators and Major Port Trusts. However, TAMP shall consider a request from any operator or Major Port Trust about not publishing certain data/ information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation of upon publication. TAMP's decision in this regard would be final.
- (xiii). The performance norms prescribed for various commodities shall be the minimum that should be achieved by the operator. These performance norms shall be incorporated in the bid documents.
- (xiv). The performance actually achieved by the operator shall be monitored by both the Port and the TAMP on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.
- (xv). In the event any user has any grievance regarding non-achievement by the operator of the Performance Standards as notified by the TAMP, he may prefer a representation to TAMP which, thereafter, shall conduct an inquiry into the representation and give its finding to the concerned Major Port Trust. The Major Port Trust will be bound to take necessary action on the findings as per the provisions of the contract conditions of the Agreement.
- (xvi). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.50 shall be taken as 0.50 unit and fractions of 0.50 and above shall be treated as one unit, except where otherwise specified.
- (xvii). Users will not be required to pay charges for delays beyond reasonable level attributable to the operator.
- (xviii). As per coastal policy direction issued by the MOS and notified by this Authority vide Order No.TAMP/4/2004-Genl. dated 7 January 2005 and 15 March 2005 -
 - (a). The cargo/container related charges for all coastal cargo/containers, other than thermal coal, POL (including crude oil), iron ore and iron ore pellets, should not exceed 60% of the corresponding charges for normal cargo/container related charges.
 - (b). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship shore transfer and transfer from/to quay to/from storage yard including wharfage.
 - (c). In case of container related charges, the concession is applicable on composite box rate. Where itemised charges are levied, the concession will be on all the relevant charges for ship shore transfer and transfer from/to quay to/from storage yard as well as wharfage on cargo and containers.

(As and when there is a change in the policy direction issued by the MOS on the coastal concession policy, the same will be communicated to the port.)

BREAK BULK CARGO – LIST OF COMMODITIES INCLUDED UNDER EACH GROUP

Sl. No.	Commodity Group	Details of cargo
1	Bagged cargo	All cargo in bags of various weights (25, 50, 60 kg, etc.) that are manually handled such as: Cashew Nuts, Cashew Kernels, Tamarind Seed, Cement, Rice, Wheat and other food grains,

		Salt, Sugar, Candy or cube, Soda Ash, etc.
2	Jumbo Bags	All cargo in bags of various weights (0.5, 1.0, 1.5 MT) that are handled only by hooking the bags to slings; and include cargo in boxes, cartons, barrels, drums or rolls such as: Wood Pulp in boxes, Processed wood such as Boards, Poles, Plywood, News Print, Oil-Animal or Vegetables in barrels, Rubber-Raw, Rubber-Manufactured, Synthetic Resin, Paper, paper products and newsprint, Asphalt and Bitumen in barrels, etc.
3	Iron and steel- coils	All Iron and steel coils of varying weights and dimensions: Include all Metal Products and Asbestos of similar nature.
4	Iron and steel- pipes, tubes, plates and slabs	All Iron and steel pipes, tubes, plates and slabs of varying weights and dimensions: Include all Metal Products and Asbestos of similar nature such as: Iron and Steel Materials, Aluminum Products, Alumina Billets, Steel Pipe, Aluminum Ingots, Asbestos, etc.
5	Project Cargo, Machinery and machinery parts	Cargo for specific projects, often with OOG specifications and handled through specialized means such as: Project material, Project equipment, Railway coaches and wagons, All types of project cargo including over dimensional consignment, etc.
		All types of Machinery and machinery products that are of varying weights and dimensions such as: Machinery and Spares, Machinery parts, Military Goods, Arms, Ammunition, Explosives and Defense Stores, Tank and Tank parts, Arms, Ammunitions, Explosives, Defense Stores and Defense equipment / machinery.
6	Motor vehicles other than thru RORO	All motor vehicles handled using Shackles, Hooks, Chain Slings and Heavy Lifting Beams such as: Any rubber tyred vehicle; Cargo moving equipment; Earth-moving equipment, Powered two wheeled vehicles, Auto Rickshaws and other three wheeled vehicles including their chassis on wheels, Motor cars, Jeeps, Vans and Tourist Caravans, Motor vehicles like buses, dumpers, lorries, tractors, trucks, & trawlers, Locomotives, Vehicles not specified above and parts and accessories of conveyances, tubes and all earth moving equipment like Excavators, Pay loaders Bulldozers, Dozers, Poclaimers, FLTs, TLTs, Reach Stackers, etc.

Performance Standards for Break Bulk Cargo

Sr. No.	Commodity Group	Per Shift Productivity (Tonnes)
1.	Bagged Cargo	400
2.	Jumbo Bags	500
3.	Iron & Steel- Coils & Slab	1333
4.	Iron & Steel- Pipes, tubes, plates	400
5.	Project Cargo, Machinery and Machinery Products (units)	70
6.	Motor Vehicles other than through RORO (units)	30

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

F. No.TAMP/57/2016-JNPT	-	Proposal received from Jawaharlal Nehru Port Trust for fixation of normative tariff for stevedoring and shore handling operations.
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A summary of the arguments made by the JNPT and the users/ user organisations during the joint hearing held on 24 October 2016 is given below:

Jawaharlal Nehru Port Trust (JNPT)

- (i). To arrive at the proposed rates, the labour cost is considered as in Kandla port, Hire charges of Equipment is based on market rates, operational overheads and administrative overheads each has been considered at 20% as per Guidelines. Profit margin considered at 20% is also as per Guidelines.
- (ii). The productivity considered in the proposal is lower than the norm prescribed in the Guidelines, since the JNPT does not have sufficient infrastructure.

M. Dinshaw & Co. (MDC)

- (i). The rates proposed for some of the cargo items is seen to be on a lower side and in respect of some items, it is on a higher side. The JNPT may have a relook at its proposal.
- (ii). If the rates proposed for Shore handling takes into account the relevant equipment, then the proposed rates are on a lower side. However, if the rates proposed for Shore handling does not take into account the relevant equipment, then the proposed rate is on a higher side.
- (iii). It has to be ensured that traffic does not move away from the port due to these charges.
- (iv). Bagged cargo is only labour oriented and involves the use of only trucks/ dumpers. The equipment profile as suggested by JNPT is not required.
- (v). The equipment profile considered in respect of some cargo items are far less. You cannot achieve the productivity as mentioned in the proposal with the said equipment. The equipment considered is insufficient.

(JNPT: We will rework the rates in consultation with the users.)
- (vi). We need facilities which are presently not available in port.

(JNPT: Transportation cost has not been factored in the cost, as the cargo is proposed to be stored in the storage area behind the SWB.)
- (vii). The shift based rates in respect of Project cargo, Motor Vehicles and Machinery is very much on a higher side. Nobody prefers shift based rate. The JNPT may proposed per MT or per CBM rates for these cargo.
- (viii). The rate of Royalty is ok.

JNPT

Based on the inputs received from users, we want to review our proposal. We will hold talks with them and file a revised proposal.

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