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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 293

New Delhi,

25 July 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 V.O. Chidambaranar Port Trust (VOCPT) for revision of Anchorage Charges prescribed in its existing Scale of Rates approved vide Order No.TAMP/29/2016-VOCPT dated 17 September 2016 as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/12/2017-VOCPT

V.O. Chidambaranar Port Trust

- - -

Applicant

QUORUM

- (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 V.O. Chidambaranar Port Trust (VOCPT) for revision of Anchorage Charges prescribed in its existing Scale of Rates approved vide Order No.TAMP/29/2016-VOCPT dated 17 September 2016.

2. This Authority has passed an Order No.TAMP/29/2016-VOCPT dated 17 September 2016, approving the revised Scale of Rates and Performance Standards for the VOCPT. The revised Scale of Rates and Performance Standards approved by this Authority was notified vide Gazette No.370 dated 10 October 2016. The detailed speaking Order pertaining to the revised Scale of Rates of VOCPT has been notified in the Gazette of India on 28 November 2016 vide Gazette No.427.

3. Now, the VOCPT vide its email dated 10 February 2017 under cover of its letter No.FIN-OFFCT-SOR-REVIS-VI-15 dated 10 February 2017 has proposed for revision of Anchorage charges on the following grounds:

- (i). The anchorage charges are levied as per Section 2.6.1 of the SOR which works out to 9% to 10% of the Berth Hire charges. At present it is observed that in VOCPT many vessels are waiting in the Anchorage and the Agents are not making the vessels ready on time leading to a situation of more vessels waiting at anchorage, even though some of the berths are vacant. This leads to more waiting of vessels for no fault of the Port. In the cases of coal vessel waiting for dedicated coal handling berth, many vessels are nominated in bunch and vessels are kept waiting in the Anchorage either for want of storage space in the plant or other reasons of importer. The Ministry of Shipping regularly monitors the overall Turn Round Time including the Pre Berthing Detention of the vessels.
- (ii). In view of the above, to streamline the berthing of vessels and to reduce the pre berthing detention and turn around time in VOCPT, the following proposal enhancing the Anchorage fees to 30% of Berth hire charges for the vessel if berth is ready whereas the vessel is not ready to come along berth incorporating additional tariff schedule after the existing schedule of No. 2.6.1 as detailed below:

2.6.1(b) Anchorage charges in case of Berth ready but vessels not ready:

Sl. No.	Particulars	Rate per GRT per hour or part thereof			
		For stay of vessel in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking		For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O. Chidambaranar Port Trust.	
		Coastal vessel (in ₹)	Foreign - going vessels (in US\$)	Coastal vessel (in ₹)	Foreign - going vessels (in US\$)
1	Upto and inclusive of 3,000 GRT	0.0193 subject to a minimum of ₹37.99	0.00074 subject to a minimum of US \$1.4558	0.0231 subject to a minimum of ₹45.96	0.00087 subject to a minimum of US \$ 1.7622
2	3,001 to 10,000 GRT	0.0126 subject to a minimum of ₹57.94	0.00049 subject to a minimum of US \$ 2.22	0.0153 subject to a minimum of ₹69.93	0.00057 subject to a minimum of US \$ 2.6817
3	10,001 to 15,000 GRT	0.0166	0.0006	0.0199	0.0008
4	15,001 to 20,000 GRT	0.0206	0.0008	0.0249	0.0010
5	20,001 to 25,000 GRT	0.0278	0.0011	0.0329	0.0013
6	25,001 to 30,000 GRT	0.0306	0.0012	0.0366	0.0014

Sl. No.	Particulars	Rate per GRT per hour or part thereof			
		For stay of vessel in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking		For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O. Chidambaranar Port Trust.	
		Coastal vessel (in ₹)	Foreign - going vessels (in US\$)	Coastal vessel (in ₹)	Foreign - going vessels (in US\$)
7	30,001 GRT and above	0.0332	0.0013	0.0398	0.0015
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 anchorage charges specified in the above schedule.			

Note:

- (a). In the cases of coal vessels and Oil vessels waiting for dedicated Jetty, the above rate of Anchorage fee shall apply to waiting vessels which is first in the queue at any point of time.
- (b). In case 2.6.1. (b) is applied 2.6.1 (10%) shall not apply.

4. The port held a meeting with trade on 13 February 2017, seeking consent of the users on the said proposal. The port has submitted the minutes of the meeting held with the trade which is dealt in subsequent paras.

5.1. In accordance with the consultative procedure prescribed, a copy of the proposal of VOCPT dated 10 February 2017 was circulated to the concerned users / organisations bodies / BOT operators seeking their comments.

5.2. While acknowledging the subject proposal to VOCPT vide our letter dated 14 February 2017, it was brought to the notice of VOCPT that the proposal of the VOCPT includes revision of Anchorage Charges for coal (Bulk cargo) vessels. As the VOCPT is aware, the Ministry of Shipping (MOS) vide its communication No.PD-11033/73/2013-PT(pt) dated 16 June 2016 has issued Berthing Policy for Dry Bulk Cargo, which inter alia, requires all the Major Port Trusts to create multiple slab rates for anchorage charges based on the time of waiting of vessels in the anchorage. Therefore, the anchorage charges for coal vessels has to be in line with the Berthing Policy. The anchorage charges proposed for coal vessels do not appear to adhere to the Berthing Policy. Therefore, the VOCPT was requested to examine the anchorage charges for coal vessels and the anchorage charges for any other Bulk cargo vessels proposed to be covered by the anchorages charges and align them with Berthing Policy.

6.1. A joint hearing in this case was held on 16 February 2017 at the VOCPT premises. The VOCPT made a brief power point presentation of its proposal. At the joint hearing, the VOCPT and the concerned users / user organisations / BOT operators have made their submissions.

6.2. The VOCPT was requested vide our letter dated 24 February 2017 to take action on the following points as agreed at the joint hearing.

- (i). To review its proposal to align it with the Berthing Policy issued by the Government in June 2016 standardizing anchorage charges across major ports. While reviewing, the VOCPT to keep objection of the users. The VOCPT to file a revised proposal latest by 3 March 2017.
- (ii). The Tuticorin Ship Agents' Association (TSAA) to forward its written arguments immediately to VOCPT with a copy to TAMP.
- (iii). The Indian Chamber of Commerce & Industry (ICCI) to furnish in writing the arguments made by it at the joint hearing immediately to VOCPT with a copy to TAMP. The VOCPT to furnish its comments on the arguments made by ICCI within a week thereafter.

6.3. In response to point of action brought out at para 7.2 (ii), the TSAA vide its letter dated 20 February 2017 has furnished their comments on the subject proposal. A copy of the comments received from the TSAA was forwarded to the VOCPT vide our letter dated 24 February 2017. The VOCPT vide its letter dated 14 March 2017 has furnished its reply on comments of the TSAA.

6.4. With reference to the point of action brought out at para 7.2 (iii), the ICCI, vide our letter dated 24 February 2017 and followed by reminder dated 30 March 2017, was requested to furnish their arguments made at the joint hearing immediately to VOCPT and TAMP. In response, the ICCI vide its email dated 3 April 2017 has furnished their comments. A copy of the comments received from the ICCI was forwarded to the VOCPT vide our letter dated 6 April 2017. The VOCPT has not furnished its comments on the comments of ICCI. However, the comments submitted by ICCI are similar to the comments submitted by TSAA on which the port has already given its comments.

6.5. With reference to the first point of action of the joint hearing, the VOCPT vide its letter dated 28 February 2017 has furnished revised proposal which is given below:

(i). In pursuance of the discussion made in the Joint Hearing held on 16 February 2017 and considering the request of the Users to reduce the proposed penalty provision of Anchorage charges @ 30% of relevant berth hire charges for the vessels not ready for berthing but the berth is ready, the proposal already submitted vide letter of even number dated 10.02.2017 is revised as follows:

(a). The Anchorage fees is proposed @ 15% of Berth hire charges for the vessels where berth is ready but the vessel is not ready to come along berth incorporating additional tariff schedule after the existing schedule of No.2.6.1 as detailed below:-

Sl. No.	Particulars	Rate per GRT per hour or part thereof			
		For stay of vessel in any area inside the harbour basin but without occupying any of the berths / jetties either individually or by means of double banking		For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O.Chidambaranar Port Trust	
		Coastal Vessel (In ₹)	Foreign-going vessels (in US\$)	Coastal Vessel (In ₹)	Foreign-going vessels (in US\$)
1	Upto and inclusive of 3,000 GRT	0.0193 subject to a minimum of ₹ 37.99	0.00074 subject to a minimum of US \$ 1.4558	0.01155 subject to a minimum of ₹ 22.98	0.000435 subject to a minimum of US \$ 0.8811
2	3,001 to 10,000 GRT	0.0126 subject to a minimum of ₹ 57.94	0.00049 subject to a minimum of US \$ 2.22	0.00765 subject to a minimum of ₹ 34.97	0.000285 subject to a minimum of US \$ 1.34085
3	10,001 to 15,001 GRT	0.0166	0.0006	0.0100	0.0004
4	15,0001 to 20,000 GRT	0.0206	0.0008	0.0125	0.0005
5	20,001 to 25,000 GRT	0.0278	0.0011	0.0165	0.0006
6	25,001 to 30,000 GRT	0.0306	0.0012	0.0183	0.0007
7	30,001 GRT and above	0.0332	0.0013	0.0199	0.0008
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 anchorage charges specified in the above schedule.			

Note :

(i) In case 2.6.1 (b) is applied 2.6.1 (10%) shall not apply.

The VOCPT has requested to consider the above revised proposal and the approve the proposed rates.

7.1. The VOCPT has, vide its email dated 24 April 2017 and fax dated 5 May 2017 furnished its response to the additional information / clarification sought by us vide our letter dated 17 March 2017 followed by reminder dated 30 March 2017. The summary of the additional information / clarification sought by us and reply furnished by the port is tabulated below:

Sl. No.	Additional information / clarification sought by us	Reply furnished by VOCPT
1.	General	
(i).	The VOCPT to submit a copy of Board Resolution approving its proposal for	The port has vide email dated 5 May 2017 clarified that the approval of the Board is not sent

	review of Anchorage Charges prescribed in its existing Scale of Rates (SOR).	as the same is being placed in the ensuing meeting of the Board and on approval, copy of the Board Resolution will be sent to the Authority. The VOCPT has, however, subsequently intimated that proposal of VOCPT has been duly approved by Chairman VOCPT.
(ii).	The VOCPT vide its email dated 10 February 2017 has intimated that the meeting was fixed on 13 February 2017 with the port users to discuss and seek their consent on the subject proposal. It is requested to furnish a copy of the minutes of the above said meeting.	A copy of the Minutes of the meeting held on 13 February 2017 is furnished by VOCPT vide its letter dated 24 April 2017 which is brought out in subsequent paragraphs.
2.	<u>Berthing Policy, 2016:</u>	
(i).	<p>The proposal submitted by the VOCPT was not in line with the Berthing Policy 2016. Therefore while acknowledging the proposal vide our letter dated 14 February 2017, VOCPT was requested to examine its proposal in light of guidelines issued by the Ministry of Shipping vide its communication No.PD-11033/73/2013-PT (pt) dated 16 June 2016 on Berthing Policy for Dry Bulk Cargo which, inter alia, requires all the Major Port Trusts to adhere with the following:</p> <p>(a). The port has to create multiple slab rates for anchorage charges based on the time of waiting of vessel in anchorage.</p> <p>(b). The port has to provide free waiting period for vessels during which no anchorages will be levied. The free waiting period should not exceed 48 hours of waiting in the anchorage.</p> <p>(c). Post the free waiting period, a normal anchorage charge ranging from 10% to 25% of the berth hire charges are to be levied on the vessels for period of 48-96 hours post expiry of the free period.</p> <p>(d). Post a waiting period of 96-144 hours, ports is to charge a high anchorage charge comparable to the daily charter rates of the vessel.</p> <p>The VOCPT is once again requested to re-examine its proposal in the light of above.</p>	<p>As per the present proposal, the anchorage charges are not increased and only a penal provision is incorporated for vessels for which the berth is ready but the Users is not ready to berth the vessels and as per the revised proposal submitted to TAMP vide letter dated 28.02.2017 the penal provision of Anchorage charges is reduced from 30% to 15% and the net increase is only 5% over and above the present rate of 10% as a penal charges for non occupation of the berth though vacant and ready for berthing. Hence, the provisions of berthing policy relating to enhancement of Anchorage charges may not be applicable for the present proposal and hence the Authority is requested to consider and approve the proposal.</p>
3.	<u>Scale of Rates :</u>	
(i).	The existing Scale of Rates (SOR) approved by the Authority vide its Order dated 17 September 2016 prescribed the Anchorage charges at Schedule 2.6.1 for two categories namely (i) for stay of vessels in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking (ii) for stay of vessel in any area outside the harbour	

	<p>basin and within the notified port limits of VOCPT. The port has now proposed insertion of new schedule as 2.6.1 (b) Anchorage charges in case of Berth ready but vessels not ready. In this connection, the port to furnish the following information :</p> <p>(a). The VOCPT has proposed identical anchorage charges for the first category in the proposed Schedule 2.6.1.</p> <p>(b). The VOCPT to clarify how the proposed first category rate is different from the existing rate at Schedule 2.6.1.</p> <p>(c). Adequate Notes may be proposed bringing out the circumstances under which the existing first category and proposed first category would be applicable to avoid any ambiguity.</p> <p>(d). Rates proposed in the new Schedule as 2.6.1(b) for the category (ii) i.e. for stay of vessel in any area outside the harbour basin and within the notified port limits of VOCPT are leviable in a situation when berth is ready but vessel is not ready to berth. It may be desirable to prescribe Notes to cover the situation of "Berth is ready but vessel is not ready" to avoid dispute. The VOCPT to examine and propose suitable notes.</p>	<p>It is submitted that as far as the first category vide 2.6.1 is concerned there will be no change in the tariff of the first part viz., (i) for stay of vessels in any area inside the harbour basin but without occupying any of the berths/jetties either individually or by means of double banking in the existing rates and there is inclusion of penal provision under the second part viz., for stay of vessel in any area outside the harbour basin and within the notified port limits of VOCPT through inclusion of rate vide schedule 2.6.1 (b) as proposed. Hence, excluding the Coloum 3& 4 relating to Inner Harbour basin the revised table is enclosed vide Annexure-II. It is submitted that in the heading of Schedule 2.6.1 (b) it is clearly mentioned that the tariff is meant for Anchorage charges in case of Berth ready but vessels not ready and hence a separate Note is not provided.</p>
(ii).	<p>The port has revised its proposal vide its letter dated 28 February 2017. The port has stated that the proposed anchorage fees is proposed @ 15% of berth hire charges for the vessels were berth is ready but the vessel is not ready to come along berth. However, it is observed that the proposed anchorage charges are in the range of 11 to 12.5% of the berth hire charges. A comparative statement is attached herewith for information of port. The VOCPT to clarify the position please.</p>	<p>The present proposal is submitted vide letter dated 28.02.2017 proposing to collect penal provision of Anchorage charges at 15%. For working out the proposed rate, considering the existing rate at 10% of berth hire charges, it is converted into 15% by 1.5 times of the existing rates. The revised tariff computing 15% on the berth hire charges is prepared and enclosed vide Annexure-II for consideration of the Authority.</p>

7.2. The VOCPT has vide its email dated 24 April 2017 furnished the minutes of the meeting held 13 February 2017 with port users to discuss and seek their consent on the proposal. The relevant points culled out from the minutes of meeting are as follows:

- (i). The Traffic Manager stated that Anchorage Fee which is 10% of the Berth Hire Charges is not still discouraging the importers in making their vessels ready for berthing immediately on arrival.

In some cases of vessels, the vessels are waiting even when the berth is available. Hence, in order to induce the importers to plan scheduling the arrival of vessels at the port and also to make it ready for berthing an additional anchorage fee is proposed only on such vessels, which would be at 30% of Berth Hire.

- (ii). The users informed that in most of the other ports the anchorage fee is not levied. The users, while acknowledging the necessity of increasing the anchorage fees, also debated that the percentage of anchorage fee to be implemented is comparatively higher and the same may be reduced.

- (iii). Traffic Manager and FA&CAO referred to the Berthing Policy 2016 which calls for fixing the anchorage fee at 25% of berth hire and not to exceed 50%.
- (iv). After detailed discussion, the port users agreed to the existing anchorage fee of 10% plus 10% may be imposed on the vessels which are not ready to berth during the availability of suitable berth.
- (v). Accordingly, the rate of 20% of berth hire as anchorage fees on the vessel waiting but not made ready for berthing whenever the berths vacant was confirmed.

7.3. The VOCPT has also submitted the revised schedule for Anchorage Charges vide its email dated 24 April 2017 which is brought out as under:

Schedule 2.6.1 (b) Anchorage Charges in case of Berth ready but vessels not ready:

Sl. No.	Particulars	Rate per GRT per hour or part thereof	
		For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O. Chidambaranar Port Trust.	
		Coastal vessel (in ₹)	Foreign-going vessels (in US\$)
1	Upto and inclusive of 3,000 GRT	0.0144 subject to a minimum of ₹28.46	0.000555 subject to a minimum of US \$1.091475
2	3,001 to 10,000 GRT	0.0096 subject to a minimum of ₹43.45	0.00036 subject to a minimum of US \$1.6665
3	10,001 to 15,000 GRT	0.0125	0.0005
4	15,001 to 20,000 GRT	0.0153	0.0006
5	20,001 to 25,000 GRT	0.0210	0.0008
6	25,001 to 30,000 GRT	0.0230	0.0009
7	30,001 GRT and above	0.0249	0.0010

Notes:

- (1). The above rates of Anchorage charges will apply after expiry of 12 hours from the anchorage time of the vessel and when a vacant suitable berth is available.
- (2). The time for levy of Anchorage fee will count in such cases from the time the berth is available excluding the over lapping 12 hours time of the waiting vessels.

7.4. Subsequently, the VOCPT has vide its email dated 5 May 2017 furnished the revised Note 2 by incorporating example for the collection of penal anchorage charges under Clause 2.6.1(b) Anchorage Charges in case of Berth ready but vessels not ready. The revised note (ii) proposed by VOCPT is given below:

- (2). The time for levy of Anchorage fee will count in such cases from the time the berth is available excluding the over lapping 12 hours time of the waiting vessels.

Example case:

- (a). In case a vessel arrived at 6.00 hours today and the berth is also vacant but the vessel is not ready till 18.00 hours (6.00 hrs + 12.00 hrs) there will be no penal anchorage charges since it is within the allowable 12.00 hours free period.
- (b). In the same case, if the vessel is not ready till 20.00 hours but berth is still available, for the period of additional two hours after eligible free waiting period, the tariff as per clause 2.6.1(b) is applicable.
- (c). In the same case, if the berth is ready only at 22.00 hours and the vessel is ready by 23.00 hours, then for the first four hours (18.00 hrs to 22.00 hrs) the tariff as per clause 2.6.1(a) is applicable and for remaining one hour (22.00 hrs to 23.00 hrs) the tariff as per clause 2.6.1(b) is applicable.

8. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the comments received and 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>.

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

- (i). This case relates to a proposal dated 10 February 2017 received from the V.O. Chidambaranar Port Trust (VOCPT) for incorporating a Schedule of Anchorage Charges in case berth is ready but vessel is not ready in its existing Scale of Rates approved by this Authority vide Order No.TAMP/29/2016-VOCPT dated 17 September 2016.
- (ii). This Authority has passed an Order No.TAMP/29/2016-VOCPT dated 17 September 2016, approving the revised Scale of Rates and Performance Standards based on the proposal received from the VOCPT following the Tariff Policy, 2015.
- (iii). The existing SOR approved by this Authority prescribes Anchorage charges in Schedule 2.6.1 for vessel (ship or steamer, sailing vessel, tug, launches or other marine crafts) and Schedule 2.6.2 prescribes anchorage charges for other vessels like non-commercial vessel, other crafts, fishing vessels etc.

In the current proposal, the VOCPT has proposed for introduction of Anchorage charges in case berth is vacant but vessels are not ready and are staying at anchorage. In the initial proposal dated 10 February 2017, the port had stated that anchorage charge for vessel's stay at anchorage though Berth is vacant was proposed at 30% of Berth Hire Charges.

- (iv). It is relevant here to mention that the MOS in June 2016 has issued the Berthing Policy for Dry Bulk Cargo for Major Ports, and has directed all the Major Port Trusts to implement the Berthing norms with actual incentives and penalties. The Policy requires all major ports to adapt these guidelines for their own specific ports and institute penalties and incentives tied to the performance norms as part of the overall berthing policy. The Policy also prescribes Guidelines for levy of anchorage charges by all Major Port Trusts.

Highlighting the guideline position in respect of levy of anchorage fee, the VOCPT was requested to review its proposal to align it with the Berthing Policy. While reviewing, the VOCPT was to keep in view the objection of the users. In this context, the VOCPT has clarified that the existing SOR of the port approved by this Authority already prescribes anchorage charge for stay of vessel at schedule 2.6. The current proposal is mooted because many vessels are waiting in the Anchorage and the agents are not making the vessels ready on time leading to a situation of more vessels waiting at anchorage, even though some of the berths are vacant. The proposal is mainly to introduce one more schedule under Schedule 2.6.1. to act as a deterrent on vessel waiting at anchorage at the outer harbor even though the berth is vacant. In view of the above position, the port has contended that the provisions of berthing policy relating to enhancement of Anchorage charges may not be applicable for the present proposal and hence requested this Authority to consider and approve the proposal. The port has stated that in the current proposal the anchorage charges are not increased. Only a penal provision is incorporated for vessels for which the berth is vacant but the User is not ready to berth the vessels.

In view of the above position brought out by the VOCPT and port categorically stating that the present proposal is not filed under the Berthing Policy for reasons stated by the port, this Authority decide to go ahead with the proposal of the port.

However, the existing schedule of anchorage charge prescribed in the SOR of the VOCPT do not prescribe multiple slab rates for anchorage charges based on the time of waiting of vessels in the anchorage as required under the Berthing Policy issued by the MOS the port is advised to examine the matter and file a separate proposal under the Berthing Policy, 2016 issued by the Ministry of Shipping (MOS) within one month from the date of notification of the Order in the Gazette of India.

- (v). The VOCPT vide its letter dated 28 February 2017 filed revised anchorage charges reducing the proposed anchorage charge from 30% to 15% of the Berth Hire Charges. Though the port has stated that the revised proposed anchorage charge is 15% of the Berth Hire Charges, it was observed that it worked out to 11% to 12.5% of the Berth Charges. The VOCPT has subsequently filed final revised proposal dated 24 April 2017 wherein the anchorage charge is proposed at 15% of the existing Berth Hire Charges. The port has further clarified that the revised proposed anchorage charge in case berth is vacant but vessel is not ready to berth is applicable only in respect of vessel waiting outside the harbour basin within the port limits. There is no impact of this proposal on vessels staying in any area inside the harbour basin. The final revised proposal of VOCPT dated 24 April 2017 along with information / clarification furnished by the port during the proceeding is taken up for consideration.
- (vi). The main contention of the VOCPT for filing the current proposal are given below:
- (a). Many vessels are waiting in the Anchorage and the agents are not making the vessels ready on time, even though some of the berths are vacant. This leads to more waiting time of vessels at no fault of the port.
 - (b). In case of coal vessel waiting for dedicated coal handling berth, vessels are waiting in anchorage for want of storage space in the plant or other reasons of importer.
 - (c). The Ministry of Shipping (MOS) is regularly monitoring the overall turnaround time including the pre berthing detention of vessels.
 - (d). In order to streamline the berthing of vessels, to reduce the pre berthing detention and turnaround time in VOCPT, the port has proposed separate anchorage charges of vessel waiting at anchorage outside the basis though Berth is vacant.
 - (e). The VOCPT has stated that proposed insertion is of penal nature to act as a deterrent to reduce the turnaround time including pre berthing detention of the vessels and increase the productivity and to reduce the voyage cost of the users.

The VOCPT has also forwarded a copy of the minutes of the meeting held by the port with the trade which states that the users have acknowledged the necessity of increasing anchorage fees for vessel waiting at anchorage even though the berth is available. As per the minutes port users have agreed for imposition of anchorage fee at 10% of the berth hire charge in addition to the existing anchorage fee on vessels which are not ready to berth during the availability of suitable berth. The port has stated that the anchorage fee is proposed to be levied only after the lapse of 12 hours of free waiting period at Anchorage as per the existing schedule.

As clarified by VOCPT, if the rate proposed in the current proposal is applied, the anchorage fee prescribed in the existing SOR at Schedule 2.6.1 which is 10% of the Berth Hire Charges will not be applied simultaneously. The minutes of meeting of port with the trade dated 13 February 2017 forwarded by the port show that the trade has agreed in principle for imposition of incremental anchorage fee of 10% of berth hire charges on vessels which are not berthing at vacant berths but waiting at anchorage. It is relevant here to state that though the port has stated that its proposal is incremental 5% of berth hire charges, on comparison of the existing anchorage fee and the final revised anchorage fee proposed by VOCPT vide its letter dated 24 April 2017, with the berth hire charge, the incremental anchorage fee is 7% to 8% of the berth hire charges. As brought out earlier, the VOCPT in view of the objection raised by the port users has in its revised proposal proposed anchorage charge at 15% of the berth hire charge.

In view of the above reasons cited by the port and also recognising that the proposed anchorage fee of 15% of Berth Hire Charges is of a penal nature to deter vessels waiting at anchorage outside the harbour though berth is vacant, and is intended to bring in more transparency in operation, and also recognising that the

proposed anchorage fee is well within the anchorage fee prescribed in the Berthing Policy issued by the Ministry of Shipping (MOS) this Authority is inclined to approve the proposal of the port for insertion of schedule 2.6.1.(b). Consequent to the above insertion, the existing Schedule 2.6.1 is renumbered as 2.6.1(a).

- (vii). The port has categorically stated that the proposal is not to earn revenue. It is relevant here to state that in the last general revision of the SOR of VOCPT under the Tariff Policy, 2015, the total Annual Revenue Requirement (ARR) for port (including CHD) estimated by this Authority is ₹42,194.57 lakhs. The revenue estimated at the proposed Scale of Rates is ₹38,294.66 lakhs leaving uncovered revenue of ₹3,899.31 lakhs. The current proposal of VOCPT is not with the intention of increasing the revenue of the port. That being so, some additional revenue likely to accrue from this proposal may get subsumed in the revenue gap left uncovered in the last tariff revision.

The port has vide email dated 5 May 2017 has clarified that the approval of the Board is being obtained on this proposal. The port has confirmed that the proposal of VOCPT has been duly approved by Chairman VOCPT. As agreed by the port, the VOCPT is advised to furnish a copy of the Board approval for our records and reference.

- (viii). The Tuticorin Ship Agents Association (TSAA) has stated that the waiting of many vessels at anchorage is purely temporary phenomenon. There is no anchorage fee in many of the major ports. The another point made by TSAA is that coal vessels waiting for NCB berth were due to bunching of many vessels together before 31 March and due to Government's instruction to Government run power plants to use only indigenous coal from next financial year. The TSAA has contended that waiting of vessels at anchorage particularly coal and other bulk cargo vessels like wheat vessels is on account of lack of infrastructure in port because there is only one deep draft berth (9th berth) to cater to higher draft vessels and specifically no higher draft clean berth is available for handling wheat.

As regards the first point made by TSAA that anchorage charges are not prescribed in other Major Port Trusts as rightly stated by VOCPT, anchorage fee is prevalent in Mumbai Port Trust (MBPT), Kolkatta Port Trust (KOPT), Kandla Port Trust (KPT), Jawaharlal Nehru Port Trust (JNPT) and Chennai Port Trust (CHPT). Apart from the above mentioned ports, anchorage fee is also prescribed in the SOR of Mormugao Port Trust (MOPT). Hence, the contention of TSAA that anchorage fee is not prescribed in other major ports is not correct. Further, as brought out earlier, the MOS has issued the Berthing Policy, wherein the MOS has issued specific guidelines for levy of anchorage charge by the Major Port Trusts. The proposed anchorage fee at 15% of the berth hire charge is within the range of 10% to 25% of the berth hire charge and maximum to 50% of the berth hire charge prescribed in the ibid policy .

As regards the other contention of TSAA, about inadequate storage space, the VOCPT has categorically stated that adequate covered storage is available hence the question of lack of storage space does not arise. The port has pointed out that bunched arrival of vessel is not on account of port. As rightly stated by the port, users should plan evacuation of cargo to ensure quick clearance of vessels and to reduce pre berthing detention and reduce the waiting at Anchorage beyond the free waiting period of 12 hours. The port has clarified that IX berth has been mechanized with closed conveyors and is now a clean berth. Also, Berths VOC III & IV have been resurfaced and are very much suitable for handling wheat. All the berths are now clean only and at present wheat vessels are being handled at all berths.

The proposal of VOCPT is to be seen as a deterrent in nature for vessel idling at anchorage though berth is available as it adversely impacts the productivity of the port. The performance of port is regularly being monitored by the MOS and hence port intends to reduce pre berthing detention and turnaround time of vessels and to bring in more transparency in the operations.

(ix). The VOCPT has proposed the following two conditionalities governing the proposed penal charges in case of berth is vacant but vessels outside the harbor basin are not ready to berth.

(a). The first note states that the proposed Anchorage charges will apply after expiry of 12 hours from the anchorage time of the vessel and when a vacant suitable berth is available.

The proposed note of 12 hours free period for levy of anchorage fees at proposed Schedule 2.6.1(b) is in line with free period already prescribed in the existing SOR of Schedule 2.6.1 and hence is approved.

(b). The port had in both the proposal dated 10 February 2017 and 28 February 2017 also proposed a note stating that in case proposed rates as per 2.6.1(b) is applied, then rates prescribed under Schedule 2.6.1 will not apply. In the final revised proposal, the VOCPT has, however, not proposed this note. Instead it has proposed a note stating that the time for levy of Anchorage fee will count in such cases from the time the berth is available excluding the over lapping 12 hours' time of the waiting vessels. The port has also elaborated the note with three examples as given below to avoid any ambiguity in application of the rates.

(i). In case a vessel arrived at 6.00 hours today and the berth is also vacant but the vessel is not ready till 18.00 hours (6.00 hrs + 12.00 hrs) there will be no penal anchorage charges since it is within the allowable 12.00 hours free period.

(ii). In the same case, if the vessel is not ready till 20.00 hours but berth is still available, for the period of additional two hours after eligible free waiting period, the tariff as per clause 2.6.1(b) is applicable.

(iii). In the same case, if the berth is ready only at 22.00 hours and the vessel is ready by 23.00 hours, then for the first four hours (18.00 hrs to 22.00 hrs) the tariff as per clause 2.6.1(a) is applicable and for remaining one hour (22.00 hrs to 23.00 hrs) the tariff as per clause 2.6.1(b) is applicable.

The revised note (b) proposed by VOCPT are clarificatory in nature with examples for ease of implementation and to avoid ambiguity and hence is approved as proposed by the VOCPT.

(x). The Tariff Policy, 2015 prescribe that the rates approved by this Authority will have three year validity period. As stated earlier, this Authority had already approved the revised Scale of Rates and Performance Standards under Tariff Policy, 2015. The validity is prescribed upto 31 March 2019. The validity of the rates approved in this order for Anchorage charges is, therefore, made co-terminus with the validity of the general scale of rates revised by this Authority so that this tariff can be reviewed in future alongwith the general revision of the SOR of the VOCPT at one go.

10. In the result, and for the reasons given above, and based on a collective application, this Authority approves the following as proposed by the VOCPT:

(i). Insert the following Schedule in the existing Scale of Rates of VOCPT under Chapter – II Vessel related charges, under 2.6 Anchorage Fee below the Schedule 2.6.1 as Schedule 2.6.1(b):

Schedule 2.6.1 (b) Anchorage Charges in case Berth is ready but vessel is not ready:

Sl. No.	Particulars	Rate per GRT per hour or part thereof	
		For stay of vessel in any area outside the harbour basin and within the notified Port Limits of V.O. Chidambaranar Port Trust.	
		Coastal vessel (in ₹)	Foreign-going vessels (in US\$)
1	Upto and inclusive of 3,000 GRT	0.0144 subject to a minimum of ₹28.46	0.000555 subject to a minimum of US \$1.091475
2	3,001 to 10,000 GRT	0.0096 subject to a minimum of ₹43.45	0.00036 subject to a minimum of US \$1.6665
3	10,001 to 15,000 GRT	0.0125	0.0005
4	15,001 to 20,000 GRT	0.0153	0.0006
5	20,001 to 25,000 GRT	0.0210	0.0008
6	25,001 to 30,000 GRT	0.0230	0.0009
7	30,001 GRT and above	0.0249	0.0010

Note:

- (1). The above rates will apply after expiry of 12 hours from the anchorage time of the vessel and when a vacant suitable berth is available.
- (2). The time for levy of Anchorage fee will count in such cases from the time the berth is available excluding the over lapping 12 hours' time of the waiting vessels.

Example Case-

- (a). In case a vessel arrived at 6.00 hours today and the berth is also vacant but the vessel is not ready till 18.00 hours (6.00 hrs + 12.00 hrs) there will be no penal anchorage charges since it is within the allowable 12.00 hours free period.
 - (b). In the same case, if the vessel is not ready till 20.00 hours but berth is still available, for the period of additional two hours after eligible free waiting period, the tariff as per clause 2.6.1(b) is applicable.
 - (c). In the same case, if the berth is ready only at 22.00 hours and the vessel is ready by 23.00 hours, then for the first four hours (18.00 hrs to 22.00 hrs) the tariff as per clause 2.6.1(a) is applicable and for remaining one hour (22.00 hrs to 23.00 hrs) the tariff as per clause 2.6.1(b) is applicable.
- (3). Consequent to the above insertion, the existing Schedule 2.6.1 is renumbered as 2.6.1(a).

11. The approved anchorage charges incorporated in the existing SOR shall come into effect after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force till 31 March 2019 conterminous with the validity of the Order No.TAMP/29/2016-VOCPT dated 17 September 2016.

12. The VOCPT is directed to amend the existing SOR suitably.

(T.S. Balasubramanian)
Member (Finance)

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

F.No. TAMP/12/2017-VOCPT - Proposal received from V.O. Chidambaranar Port Trust (VOCPT) for revision of Anchorage Charges prescribed in its existing Scale of Rates approved vide Order No.TAMP/29/2016-VOCPT dated 17 September 2016.

At the joint hearing, the VOCPT and the concerned users / user organisations / BOT operators have made the following submissions:

V.O. Chidambaranar Port Trust (VOCPT)

(Dy. Chairman)

- (i). Many vessels are waiting in the Anchorage, even though some berths are vacant. The Ministry of Shipping is monitoring the turnaround time of vessels and pre berthing detention of vessels. Berthing of vessels has to be streamlined. We have to reduce pre berthing detention and turnaround time of vessels. We have proposed to enhance the anchorage fees to 30% of berth hire charges from 10%. This will be levied on the vessels for non-utilization of the vacant berth.

Tuticorin Ship Agents' Association (TSAA)

- (i). Anchorage is not applicable in any other port. It is levied only in this port.
[Objecting to the proposal, the TSAA reads out the contents of a statement. It agrees to submit its arguments in writing to TAMP.]

[TM, VOCPT : We had discussion with Trade on the proposal when TSAA was present. It agreed for the proposal of VOCPT.]

Indian Chamber of Commerce & Industry (ICCI)

- (i). Concept of anchorage fee was brought in VOCPT only five years ago. Anchorage was leviable when vessels wait at anchorage without any cargo. Vessels wait at anchorage for want of berth.
- (ii). Vessels which wait for want of berth should not be charged any anchorage. Levy 10% on vessels which wait at anchorage for their own reasons.
[TAMP: VOCPT to review its proposal taking into account the arguments made by the users.]

2. A summary of the comments received from the TSAA flowing from the point of action of the joint hearing and reply received from VOCPT is tabulated below:

Sl. No.	Comments of the TSAA	Reply furnished by VOCPT
(i).	Anchorage fee is being levied by port now for even vessels waiting for berth in spite of being ready in all respects. The waiting of many vessels at anchorage now is purely a temporary phenomenon. There is no anchorage fee in many of the major ports and also in private ports in India.	The Anchorage fee is levied at VOCPT only after the lapse of 12 hours of free waiting period at Anchorage. The Anchorage fee is prevalent now in Mumbai Port, Kolkatta Port, Kandla Port, JNPT and Chennai Port Trust also. Hence the contention of no anchorage fee collected in other major ports is not correct.
(ii).	For your information, coal vessels waiting for NCB berth is mainly due to bringing of many vessels together before 31 st March as the contract between Suppliers and NTPL is expiring on 31 March and due to the fact that Government's instruction to Government run power plants to use only indigenous coal	a) The bunched arrival of vessel is not on account of port. Users are to plan handling evacuation of cargo to ensure quick clearance of vessels and to reduce pre berthing detention. Hence the users are to plan suitably to reduce the waiting

	<p>from next financial year. Also, the bunching wheat vessels is due to on account of non-availability of adequate warehouse space inside and outside the port and as no clean deep draft berth to handle wheat. Wheat vessels have to be berthed at 8th berth (container terminal) subject to availability and within the limited window period allotted by DBGT terminal.</p> <p>With all the constraints, i.e. back of storage space and non-availability of deep draft Berth, importers have brought / are still planning to bring more volume of wheat to Tuticorin port. The huge arrival of wheat vessels would have resulted in port earning considerable marine charges, wharfage and other related charges.</p> <p>Waiting of vessels at anchorage, particularly coal and other bulk cargo vessels, is on account of lack of infrastructure in port – there is only one deep draft berth (9th berth) to cater to higher draft vessels and specifically no higher draft clean berth is available for handling wheat – vessels has to mainly berth at 8th berth (container terminal) or 9th berth subject to availability, which also one of the main reasons for wheat vessels waiting at anchorage.</p>	<p>at Anchorage more than the free waiting period of 12 hours.</p> <p>b) Port has adequate covered storage space as detailed below.</p> <table border="1" data-bbox="839 327 1362 667"> <thead> <tr> <th>Sl. No</th> <th>Storage Area</th> <th>No. of Sheds</th> <th>Sq. Mtr (Approx)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tamil Nadu Warehouse</td> <td>15</td> <td>25,000</td> </tr> <tr> <td>2</td> <td>Port Warehouse</td> <td>3</td> <td>14,940</td> </tr> <tr> <td>3</td> <td>Transit Shed</td> <td>2</td> <td>10,500</td> </tr> <tr> <td>4</td> <td>Temporary Storage at IX Berth (exclusive for wheat)</td> <td>1</td> <td>9,000</td> </tr> <tr> <td>5</td> <td>PPMT Godown</td> <td>1</td> <td>6,485</td> </tr> </tbody> </table> <p>Therefore, the question of lack of storage space does not arise. Port Users should plan the arrival of vessels and storage space proactively including evacuation of cargo. In addition to that, IX berth has been mechanized with closed conveyors and is now a clean berth. Also, Berths VOC III & IV have been resurfaced and are very much suitable for handling wheat. All the berths are now clean only and at present wheat vessels are being handled at all berths.</p>	Sl. No	Storage Area	No. of Sheds	Sq. Mtr (Approx)	1	Tamil Nadu Warehouse	15	25,000	2	Port Warehouse	3	14,940	3	Transit Shed	2	10,500	4	Temporary Storage at IX Berth (exclusive for wheat)	1	9,000	5	PPMT Godown	1	6,485
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(iii).	<p>Port authority is mentioning “turnaround time” as stipulated by Ministry – Please note that every owner / operator of vessel will anticipate continuous employment and idling of vessel is not preferred.</p>	<p>The present proposal is envisaged incorporating a penal provision in the Anchorage charges for those vessels in cases where the berth is available but the Users are not ready to berth the vessels to increase the productivity and reduce the turnaround time and in turn to reduce the voyage cost of the Users.</p>																								
(iv).	<p>Vessel waiting at anchorage is loss/burden to importer / exporter and other intermediaries involved viz. owner, operator, charter, receiver or shipper. This proposed hike will result in hike of freight, which in turn will be passed on to end user, public.</p>	<p>The present proposal is envisaged incorporating a penal provision in the Anchorage charges for those vessels for which the berth is ready and available, but the Users are not ready to berth the vessels. As per the revised proposal submitted to TAMP vide letter dated 28.02.2017 the penal provision of Anchorage charges is revised from 30% to 15% and the net increase is only 5% over and above the present rate of 10%.</p>																								
(v).	<p>The operational cost, including port charges are increasing day by day and the trade is finding it difficult to call our port under present volatile scenario. Any further increase will create negative impact. For example VOCPT lost fertilizer cargo volume and same is being diverted to private ports.</p>	<p>The proposal is a penal provision for idling of vessel at anchorage.</p>																								
(vi).	<p>Trade promotion would be emphasising in reducing operational cost and attracting more vessels. But even though vessel related charges tariff was hiked recently w.e.f. 9 November 2016, another hike is not tolerable.</p>	<p>The submissions are not related to the present proposal.</p>																								

(vii).	Anchorage area which is not a reclaimed / developed area, cannot be compared to berth (which involved investment) and anchorage area is just notified area by Customs for anchorage operations. Hence imposing of anchorage charges is irrelevant.	The proposal envisaging penal provision is proposed to improve the productivity and to reduce turn around time of the vessel. The same is not a charge for providing service and hence justified.
(viii).	Refer Sl. 2 of port notice : FIN-OFFCT-SOR-REVIS-VIS-VI-15 dated 10 February 2017, same mentioning “to reduce the pre berthing detention and turnaround time in VOCPT”, hope this action of anchorage hire will not suffice the cause.	As per the present proposal only a penal provision is incorporated for vessels for which the berth is ready and available, but the Users are not ready to berth the vessel. As per MoS guidelines the penal provision is necessary to improve productivity.
(ix).	The Govt. has imposed service tax on freight apart from collecting penal berth hire charges.	The submission is not relevant to the present proposal.
(x).	VOCPT has only one deep draught berth and self shifting is compulsory. Shore crane and maximum usage of shore conveyor for coal is compulsory at Berth No.9.	The issue of the proposal to levy penal berth hire on vessels not occupying berths ready has no relation to the issues raised and not relevant for consideration.
(xi).	If the port becomes expensive then private ports will benefit due to diversion of traffic. Above and beyond global sea trading podium essentially start from NOT (Notice of arrival / readiness) at both load Port and discharge port either part or full quantity. Vessel cannot wait at outside port limit without tendering NOR due to Port / receiver / shipper / Customs or any other reason.	As per the revised proposal submitted to TAMP vide letter dated 28.02.2017 the penal provision of Anchorage charges is revised from 30% to 15% and the net increase is only 5% over and above the present rate of 10%. The issue raised is not relevant to the scope of the proposal.
(xii).	Genuine reasons and problems tending to delay, such as commercial or other operational issues will not vanish if extra charges or increase in tariff is imposed. Any increase or decrease in Port charges should be in favour of the trade and help to achieve the port productivity as per the government norms.	Considering the request of the Users in the Joint Hearing held on 16.02.2017, the port has already sent a revised proposal to TAMP vide letter dated 28.02.2017. The penal provision of Anchorage charges is revised from 30% to 15% and the net increase is only 5% over and above the present rate of 10% and is necessary as per MoS Berthing Policy.

3. The arguments in writing furnished by the Indian Chamber of Commerce and Industry (ICCI) flowing from the action point of joint hearing are summarised below:

- (i). Anchorage fee is being levied by port now for even vessels waiting for berth in spite of being ready in all respects. There is no anchorage fee in many of the major ports and also in private ports in India.
- (ii). The waiting of many vessels at anchorage now is purely temporary phenomenon. Coal vessels waiting for NCB berth is mainly due to bringing of many vessels together before 31st March as the contract between Suppliers and NTPL is expiring on 31st March and also due to the fact that Government’s instruction to Government-run power plants to use only indigenous coal from next financial year.
- (iii). Also, the bunching wheat vessels is due to on account of non-availability of adequate warehouse space inside and outside the port and as no clean deep draft berth to handle wheat.
- (iv). Wheat vessels have to be berthed at 8th berth (container terminal) subject to availability and within the limited window period allotted by DBG Terminal. So far, around 5 Million tons of wheat have been imported into India, out of which Tuticorin has handled close to 2 Million tons, which is 40% of the total volume of the wheat being imported in to India, whereas the next port handled wheat in a big way –i.e., Chennai – just handled 10%.

- (v). With all the constraints –lack of storage space and non-availability of deep draft Berth-importers have brought / are still planning to bring more volume of wheat to Tuticorin port.
- (vi). The huge arrival of wheat vessels would have resulted in port earning considerable marine charges, wharfage and other related charges.
- (vii). Waiting of vessels at anchorage, particularly coal and other bulk cargo vessels, is on account of lack of infrastructure in port – we have only one deep draft berth (9th berth) to cater to higher draft vessels and specifically no higher draft clean berth is available for handling wheat – vessel has to mainly berth at 8th berth (container terminal) or 9th berth subject to availability, which also one of the main reasons for wheat vessels waiting at anchorage.
- (viii). In view of above, suggest that port may keep the anchorage fee at the existing rate of 10%.
