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**New Delhi, the 27 December, 2001**

**TARIFF AUTHORITY FOR MAJOR PORTS**

**NOTIFICATION**

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Visakhapatnam Port Trust for fixation of hire charges for barges when used as spacers as in the Order appended hereto.

**( S. Sathyam )**

Chairman

**Tariff Authority for Major Ports**

**Case No.TAMP/62/2001-VPT**

**The Visakhapatnam Port Trust (VPT)                      .....                      Applicant**

**O R D E R**

**(Passed on this 13th day of December 2001)**

This case relates to a proposal received from the Visakhapatnam Port Trust (VPT) for fixation of hire charges for barges when used as fenders/spacers.

2.1.                      The existing Scale of Rates (SOR) of the VPT does not contain any tariff exclusively for barges when used as spacers.

2.2.                      In the pre-revised SOR, a hire charge of Rs.380/- for the first 6 hours or part thereof and, Rs.65/- for every additional hour or part thereof was prescribed for use of 150 tonne capacity barges. The VPT has explained that it levies the hire charges prescribed even when the 150 T barges are used as spacers for iron ore vessels. In addition to the 150 T capacity barges, the VPT also has 400 T steel pontoons for which the hire charges were prescribed as Rs.6,600/- per six hour or part thereof (without staff) and Rs. 8,220/- per six hours or part thereof (with staff).

2.3.                      The hire charges of barges were revised upward by 15% by this Authority at the time of the general revision of SOR (excluding estate rentals) of the VPT which was notified on 4 June 2001.

2.4.                      The Trade has reportedly requested the VPT to fix a uniform rate for the barges, when used exclusively as spacers irrespective of their capacity.

2.5.                      In this backdrop, the VPT has proposed a rate of Rs.1166 for the first 6 hours or part thereof; and, Rs.232 for every additional hour or part thereof uniformly for any barge (upto 400 tonne capacity) when used as spacers/ fenders.

3.1. In accordance with the procedure prescribed, a copy of the proposal was sent to various representative bodies of port users for comments. The Vizagapatnam Chamber of Commerce and Industry and Visakhapatnam Steamship Agents' Association have expressed their agreement with the proposal of the VPT. The Visakhapatnam Port Users Association (VPUA), the Shipping Corporation of India (SCI), and the Indian National Shipowners' Association (INSA) have not sent any comments. The Container Shipping Lines Association (CSLA) has mentioned that it has no comments to offer on the proposal of the VPT.

3.2. A copy each of the comments received from the above users was sent to the VPT as feedback information.

4.1. Based on a preliminary scrutiny, the VPT was requested to furnish additional information/clarification on certain points arising out of its proposal. The main issues raised for clarification were as follows:

- (i). The bases of the proposed hire charges.
- (ii). Applicability of additional towage charges in respect of 400 T steel pontoons.

4.2. The VPT has responded to the queries raised. The following points have been made by the VPT:

(i). Though the purpose for which the barges and the steel pontoons are used is same i.e. spacers/fenders for the iron ore vessels, there is a difference in their hire charges. Considering the same purpose of use of barges/steel pontoons (upto 400 tonne capacity); and, a request from the trade, a uniform rate for the barges/steel pontoons when used exclusively as spacer/fender has been proposed.

(ii). The proposed rate has been arrived at by taking the hire charges applicable for barges of 150 tonne capacity as the base, duly working out proportionately the proposed rate for the barges/steel pontoons Lava/Kusa upto 400 tonne capacity when used as spacers/fenders.

(iii). Note I and VI of Section 5.3.2 of the existing Scale of Rates can remain unaltered; and, a separate note as indicated hereunder may be incorporated for barges/steel pontoons Lava/Kusa (upto 400 tonne capacity), when used as spacers / fenders:

*"The charges prescribed in respect of Barges/Steel Pontoons Lava/Kusa upto 400 tonne capacity when used exclusively as spacers are exclusive of towage charges."*

5. A joint hearing in this case was held on 6 November 2001 at Visakhapatnam. At the joint hearing the following submissions were made:

**Visakhapatnam Port Trust (VPT)**

- (i). Our proposal is based on the detailed discussions with the users; there is no dispute.
- (ii). We do not charge for fenders, only for spacers.

**Visakhapatnam Steamship Agents' Association (VSAA)**

(i). Providing fender is an operational requirement. It is the responsibility of the port; and, should not be charged.

6. With reference to the totality of information collected during the processing of this case, and based on a collective application of mind, the following position emerges:

(i). The existing SOR of the VPT does not contain a separate rate for barges when used exclusively as spacers for the iron ore vessels; and, presently the charges for providing this service are levied as per the rates prescribed under the tariff heading 'Barge charges (for other than ships cargo handling purpose)' in the SOR of the VPT. The barge hire charges contain rates for barges upto 150 tonnes and steel pontoons Lava / kusa upto 400 tonnes, which vary widely.

(ii). The iron ore berth of VPT is designed to handle larger vessels. Owing to Trade-requirement, when smaller ships are berthed, there may be misalignment between the reach of the loading arm and the ship's hold. To readjust the alignment a spacer is placed in position between the berth and the vessel; and, in this context barges are used as spacers. Since the spacer is only to facilitate cargo handling and does not itself handle cargo, its cargo holding capacity is irrelevant to the situation.

(iii). The VPT provides barges for being used as spacers depending on their availability. If only 400 T barge is available for use as spacer at a particular point of time and its applicable hire charge is levied, then the concerned user is burdened with higher payment to the VPT as a result of differential tariff between the 150 T and 400 T barges. Since the purpose of usage is the same, the VPT has now proposed to have a uniform rate for providing spacers irrespective of the capacity of barges used as spacers. This is exactly what the users have demanded. This is thus another user-friendly proposal made by the VPT in pursuit of its continuing efforts to rationalise its Scale of Rates.

(iv). The VSAA's objection is, perhaps, misplaced and may have been raised due to a confusion created by the language used in the proposal to indicate that the proposed rates are for barges used as fenders and spacers. There is no doubt that provision of fenders alongside berths / jetties is the responsibility of the Port. The VPT has also categorically clarified this position. This proposal is only to prescribe a rate when barges are used as spacers; and, the need to provide spacers, as has been explained above, arises due to a ship's requirement. That being so, it is not unreasonable to levy a separate charge for providing this facility.

(v). The VPT has arrived at the proposed uniform rate by reckoning the tariff for 150 tonne capacity barges as a base, duly working out the proportionate charge for barges / steel pontoons (upto 400 tonne capacity) when used as spacers. Although the base rate tallies with the methodology explained by the Port, there is a minor discrepancy in the rate for additional hours of usage beyond 6 hours. The users have endorsed the proposed rate and the proposed rates are inclined more towards benefiting the users since the rate of 150 T barges have been taken as the base. That being so, this Authority has no reservation to approve the rates as proposed by the VPT without any modification.

(vi). The existing hire charges for a 150 tonne capacity barge include charge for supply of the barge, equipment and towage from any part of the harbour to any other part of the harbour and bringing back the empty barge, whereas the hire charges for steel pontoons of 400 T capacity are

exclusive of towage charges. The VPT has, therefore, proposed that a separate note may be prescribed stating that barge charges for use of barges upto 400 T capacity as spacers are exclusive of the towage charges. It is true that the Port has to mobilise the barges to the place of operation and incurs in the process expenditure on towage of barges. It is, therefore, reasonable to levy towage charges, as applicable, separately. That being so, the note in this regard as proposed by the VPT is also approved for inclusion in the Scale of Rates as a conditionality governing application of the relevant rate.

7. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following hire charges for barges when used as spacers, as proposed by the VPT:-

**Barge charges for use as spacers for iron ore vessels**

Item No.	Description	Unit	Rate (in Rs.)
1.	Barges / Steel pontoons (upto 400 tonnes capacity).	For the first 6 hours or part thereof.	1166
		For every additional hour or part thereof	232

**Note:**

(i). *The charges prescribed in respect of Barges/Steel Pontoons Lava/Kusa upto 400 tonne capacity when used exclusively as spacers, are exclusive of towage charges.*

8. The VPT is directed to amend its Scale of Rates accordingly.

9. This Order shall come into effect on expiry of 15 days from the date of its notification in the Gazette of India.

**( S. Sathyam )**

Chairman