(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 177 **New Delhi, 7 November, 2003**

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trust Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Chennai Port Trust for revision of levy for Stevedoring activity as in the Order appended hereto.

(A.L. Bongirwar)
Chairman

Tariff Authority for Major Ports

Case No. TAMP/8/2003-CHPT

The Chennai Port Trust **- - - -** **Applicant**

O R D E R

(Passed on this 22nd day of October 2003)

This case relates to a proposal received from the Chennai Port Trust (CHPT) for revision of levy for Stevedoring activity.

2. The CHPT has stated that prior to the merger of the Chennai Dock Labour Board (CDLB) with Chennai Port Trust, the erstwhile CDLB carried out stevedoring operation and collected levy for supply of labour. Subsequent to the merger, the port continued to follow the rates prevailing prior to the merger for supply of the cargo handling labour. In pursuance of the Order of this Authority in the general revision case and also as regards direction to the CHPT in one of the joint hearings held on 4 December 2002 to come up with a separate levy structure for onboard stevedoring operation, the CHPT has submitted a proposal for comprehensive revision of stevedoring levy. The main points made in its proposal are as follows:

(i). Commodity-wise per tonne stevedoring levy structure excluding piece rate incentive has been proposed based on the actual expenditure of the Cargo Handling Division for 2001-02. The stevedores will also pay the piece rate incentives to the CHPT.

(ii). The calculation of time rate with uniform percentage levy (206%) is also furnished as an alternative based on the request of some of the port users.

(iii). In addition to stevedoring levy, the port has proposed to increase the Clearing and Forwarding charges (C&F charges) for C & F operations. A sum of Rs.4/- per tonne is proposed to be collected, towards piece-rate incentive for C&F operations in addition to C&F charges.

(iv). Some of the Port Users desire to continue the current levy structure of time rate with percentage levy instead of switching over to per tonne levy.

(v). The CHPT has decided that the per tonne levy structure would be more transparent and beneficial not only for the Port Users but also for Importers and Exporters and may also contribute to reduce the cost of stevedoring.

3.1. In accordance with the consultative procedure prescribed, the CHPT proposal was forwarded to concerned user organisations for their comments.

3.2. A copy each of the comments received from the users was sent to the CHPT as feed back information. The CHPT did not furnish any comments despite reminder.

4. A joint hearing in this case was held on 7 August 2003 at the CHPT premises. At the joint hearing, the CHPT and the concerned users have made their submissions.

5. Based on a preliminary scrutiny of the proposal, the CHPT was requested to furnish additional information / clarification on various points. After reminders, the CHPT has furnished the following comments in response to our queries:

A. Stevedoring Charges:

(i). The projection for the quantum of cargo throughput for the year 2002-03 was made, based on the actual for 7 months from April 2002 to October 2002 and proportionately increased to 12 months. The same quantum of tonnage was assumed for the year 2003-04 and 2004-05 with some modifications based on the expected tonnage likely to be handled during these years.

(ii). The average output per gang was arrived at based on actual for 7 months during the year 2002-03 and no further improvement in productivity for 2003-04 has been assumed as the output taken is fairly representative. It has also furnished the commodity-wise average productivity for the last three years.

(iii). The CHPT has furnished working of direct wages and night allowance per shift for stevedoring charges. The piece rate has been excluded for the purpose of arriving at the rate and the same is to be collected at actual over and above the proposed rate for all commodities.

(iv). The indirect cost has been allocated, commodity-wise in proportion to the direct wages of each commodity handled. The indirect cost represents the Administrative expenses like salary and allowances to the staff and officers, bonus and other welfare expenditure, medical expenses and contribution to pension fund, gratuity fund, CPF etc., arrived at as per the Annual Accounts for the year 2001-02.

(v). The analysis indicating the existing rate and the proposed rate may not be relevant as the CHPT has accepted a uniform levy of 192% for all the commodities.

(vi). As per the wage settlement, the revision of piece rate / need based manning scale for CHD workers was made alongwith merger settlement dated 25 May 2001 and the same was once again revised on 22 April 2002 with the approval of the competent Authority.

B. C&F Charges:

(i). The CHPT has stated that apart from stevedoring, certain cargoes like general cargoes, bagged cargo granite blocks, iron and steel etc., involves loading and unloading operations in the wharf and plots for which separate gangs are posted area-wise. The statistics furnished by the CHPT show that it incurs on an average Rs.18/- per tonne towards wages for C&F operations.

(ii). For C&F operations, the quantity for one year has been arrived based on the workers engaged and the tonnage handled from June 2002 to November 2002. The tonnage handled from June 2002 to November 2002 has been taken as the base which is 4,33,000 tonnes for the year 2002-03. The expected increase in view of food grains to the tune of 2,40,000 tonnes has been added which comes to 6,73,000 tonnes for the year 2003-04 and 5% increase for the year 2003-04 which comes to approximately 7,00,000 tonnes. Similarly, for plot operation the tonnage handled from May 2002 to October 2002 was taken into account.

(iii). As per the actual working of the piece rate, it is found that the piece rate per tonne irrespective of cargo works out to Rs.3.60 at the maximum level. After taking into account service tax, an advance rate of Rs.4/- per tonne is fixed. This amount is only an advance from the employers, which will be adjusted against the actual bill after completion of C&F operation.

(iv). For C & F and Plot operation, the direct cost has been arrived based on the number of workers posted and their wages. The indirect cost for CHD, taken as a whole, was initially apportioned between the stevedoring and C & F operations and then C&F cost has been allocated to different operations under C&F including plot operation.

(v). At the joint hearing held at Chennai, the CHPT has accepted the percentage levy only for stevedoring operations and not for C&F operations.

(vi). The C&F gang has been deployed for the C & F operations as per the manning scale agreed in the merger settlement and also recovering charges from the port users.

Manning Scale

Cargo	**Manual**	**Mechanical**
General	1 Maistry + 6 Mazdoors	4 Mazdoors
Bagged	1 Maistry + 6 Mazdoors	2 Mazdoors

C. Other information

(i). 9 workers per hook were posted for ancillary work at container terminal till the date of privatization i.e., upto 30 November 2001. Nearly 90 workers were rendered surplus on account of privatisation of CTB and 141 workers were retired under VRS introduced during 2003. As there is no redundancy, the question of using revenue share from private terminal operator does not arise.

(ii). The balance in the general reserve on the date of merger was Rs.58 crores, which has been transferred by erstwhile MDLB to CHPT to take care of the WRC arrears, contingent liability for DLB workers and also for the VRC employees' payment.

(iii). No cross-subsidisation has been envisaged for cargo handling operations as this activity is independent of the port operations. Cross-subsidising the CHD activity with the surplus received from other port activity may not be appropriate.

6.1. After consulting the users, the CHPT has proposed a mutually agreed formula to freeze the base time rate on wages. The objective of the formula is to freeze the base time rate as of July 2003 on which levy will be calculated to enable the users to offer a fixed rate to the EXIM trade. 50% of the increase in wages that occurred between the year 2001 and 2003 is proposed to be applied on the base time rate applicable as of July 2003 to freeze the base time rate for further 2 years. The validity of the frozen time rate is proposed to be from the date of approval by TAMP to October 2005 or revision of Scale of Rates of the CHPT whichever is earlier.

6.2. The CHPT and the users have attempted to workout the rates to be levied for C & F and plot operation. The users have argued that the port should not increase the current rate of Rs.44/- per tonne to Rs.56/- per tonne as the income from this operation is negligible. The port has countered that it has proposed the rates based on the cost of operation and any reduction in the proposed rate and change of levy from per tonne to gang-based rate would affect the port revenue. The port and the users could not arrive at mutually agreed formula for C & F levy.

7. The CHPT vide its letter dated 16 October 2003 has suggested certain modification to its proposal. The points made by it are as under:

(i). Fixing of cargo handling levy at 192% of wages may be approved. The special levy as already approved by TAMP at Rs.7.50 per tonne in respect of agricultural products may be continued.

(ii). In order to make the administrative levy structure attractive to the port users, the levy for C & F operation may be retained at Rs.40 per tonne instead of Rs.56 per tonne in modification of the proposal for C & F charges as contained in Annex - III of the CHPT letter dated 13 January 2003. Further, the manual operation was in existence in C & F operations when the container terminal was operated by the port. On privatisation of the container terminal, there is no need to continue a differential C & F levy in respect of manual operations. So, in respect of general cargo like bags, iron and steel, steel plants, cases etc., a C & F levy of Rs.40 per tonne irrespective of the nature of operation may be approved.

(iii). In order to attract more timber logs to CHPT, the consolidated levy of Rs.6 per tonne proposed for plot operation for minerals and ores may also be considered to include Timber logs.

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 are also available at our website www.tariffauthority.org.

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

(i). Consequent upon the merger of the erstwhile Madras Dock Labour Board with the CHPT in May 2001, the levy structure for supply of cargo handling workers as contained in the merger settlement is reportedly being followed by the port at present. Since the employees of the erstwhile Dock Labour Board have now become the employees of the CHPT, the rates for supply of them for cargo handling work are required to be approved by this Authority. This position was pointed out to the CHPT at the time of the last general revision of its Scale of Rates. In another proceedings relating to fixation of levy charges for agriculture produce, a time limit was fixed for the CHPT to submit its comprehensive proposal for review of the existing levy structure. In this backdrop, the proposal in reference has been filed by the CHPT. At this juncture, this Authority does not like to go into the legality of CHPT levying charges based on the provisions of merger settlement without an explicit approval accorded thereto under the provisions of the Major Port Trust Act. The issue taken up for consideration now is to review the rates prospectively.

(ii). The CHPT has termed the levy as stevedoring charges. At the CHPT, the port does not provide the stevedoring services; licensed stevedores engaged by Liners/Agents provide such services. The licensed stevedores hire cargo handling workers for the operations from the CHPT. The CHPT, therefore, levies charges for supply of workers for cargo handling operations. As has been correctly pointed out by the Chennai Port Stevedores Association, nomenclature for the charges under review should be charges for supply of cargo handling labour for stevedoring and C&F operations.

(iii). Manning scales for different commodities and operations are prescribed in the merger settlement. The CHPT has also indicated that manning scales for some commodities have been subsequently decided. The proposed Scale of Rates submitted by the CHPT includes manning scales for different commodities. Some of the users have also pointed out the high manning pattern followed at the CHPT and requested this Authority to examine this aspect also. It is admitted that wage cost depending on the manning scales adopted will have a definite tariff implication. It has to be recognized that fixing of manning scales is a port management function and this Authority has no jurisdiction in this regard. Nevertheless, if high wage cost due to high manning scale pushes tariff to an uncompetitive level, then this Authority will be constrained to disallow such excess cost in tariff computation. It is understood that the issue of manning scale is already ceased in national level adjudication. Like manning scales, datum adopted for payment of piece rate scales will have definite tariff implication. Again, such datum are fixed following bilateral discussion between port management and labour representatives. The CHPT may initiate action to periodically rationalize the datum for different commodities in terms of the provisions contained in the national level wage agreement.

(iv). The original proposal of the CHPT contains two alternatives for levy of charges for supply of cargo handling workers. The port has initially advocated for per tonne rate but it has also proposed an alternate arrangement of continuing with the existing system of percentage levy conceding to the demand of port users. Most of the port users have strongly suggested continuance of the existing method of percentage levy.

This Authority has already constituted a national level Working Group to analyse the various issues involved in cargo handling workers levy. One of the issues involved is the method of charging. The report of the Working Group is still awaited. Nevertheless, the existing percentage levy system at the CHPT may be allowed to continue in view of the strong recommendations made therefor by the users. Depending on the decision of this Authority on the recommendations of the national level Working Group when their report is received, the position at the CHPT will be reviewed, if necessary.

(v). The existing levy structure for supply of cargo handling workers by the CHPT is a mix of percentage levy and per tonne rates. The percentage levy also varies for cargo handling workers and supervisory staff. The CHPT has proposed a uniform percentage levy to avoid any possible cross-subsidisation between different commodities. This approach seems to be reasonable. Even though the CHPT had initially proposed a percentage levy of 206%, it has been subsequently mutually agreed to reduce this rate to a level of 192%. Since both the port and the users have agreed to revised percentage levy of 192%, this Authority is inclined to approve this proposal. The uniform percentage levy will apply on the time rate wages of supervisory staff as well as workers. When implemented, the revised levy rate will provide relief to the users since revised percentage levy is less than the existing levy being charged by the CHPT.

(vi). Under the percentage levy system of charging, time rate wages, a percentage levy thereon to cover overheads and piece rate wages depending on output are generally recovered from the person who hires cargo handling workers from the port trust / DLB. Time wages are periodically adjusted with reference to the actual salary levels. The users in this case have made a request to freeze the time wages without periodic adjustment so that there will be a certainty in estimation of their financial implications. The CHPT has conceded to the demand of the users in this regard and formulated a mutually agreed wage rates. This mutually agreed wage rate takes into account the escalation in wages for the next two years. Since the proposed rates in this regard are mutually agreed upon, this Authority does not have any reservation in approving them. As per the existing practice, piece rate incentives will be charged at actuals.

(vii). In order to attract agro-products, the CHPT had earlier proposed a separate (concessional) per tonne levy. This proposal was approved by this Authority in February 2003. In case of agricultural produce such as wheet, rice, maize, pulses, etc including sugar in bags or jumbo bags or palletized, a levy of Rs 7.50 per M.T. was approved and levy of 230% for on-board supervisors was waived. The CHPT had not initially included this provision in the proposal for consideration. If actual wages and mutually agreed revised levy of 192% are applied for these agro products, then the cost of handling in their case will go up. Realising this position, the CHPT has subsequently vide their letter dated 16 October 2003 requested to maintain the levy structure for agro-products as approved by this Authority vide its Order dated 4 February 2003. This proposal is agreed to.

(viii). Unlike the case of levy for supply of cargo handling workers for stevedoring activity, no consensus could be evolved between the port and users in respect of the charges for supply of workers for C&F operations. The port had initially proposed to increase the existing per tonne rates. Subsequently, it agreed to apply the same levy structure mutually agreed for stevedoring operations. Users, however, demanded that only time rate wages should be recovered without any percentage levy thereon. This demand does not appear to be fully justified since the port has to recover the overheads. If it is not recovered as a part of C&F charges then such expenses need to be included for calculation of levy payable for stevedoring operations.

(ix). It has to be recognized that charges are recovered for deployment of labour gangs for a shift of 8 hours in the percentage levy system. CHPT has made a valid point that percentage levy system if applied to C&F operation may not be in the interest of small users who take a delivery of two or three trucks only per shift or day. Bearing in mind this aspect, it is reasonable to continue with the existing system of per tonne charges for supply of cargo handling workers for C&F operation.

(x). The CHPT has subsequently vide their letter dated 16 October 2003 requested to retain the existing C&F charge of Rs.40/- PMT without any increase. It is to be admitted that no cost details are available to justify even the existing rates. But, it has to be recognized that the existing rates are in operation for quite sometime now and the users have been paying the charges as per the existing rates. Their objection is mainly related to notional posting of gangs for direct receipt and delivery operation. In this backdrop, this Authority is inclined to allow the existing rates for supply of workers for C&F operation to continue.

(xi). In the existing arrangement of charging for C&F operations, there are two rates – Rs.40/- PMT for mechanical operation and Rs.70/- PMT for manual operation. These charges are leviable on general cargo only for delivery / receipt operations. The CHPT has subsequently proposed a single rate of Rs.40/- PMT to continue since maintaining differential rate for manual operations is no longer relevant. In view of this position explained by the CHPT, a single rate of Rs.40/- PMT is included in the revised Scale of

Rates for delivery / receipt operation in respect of general cargo irrespective of mode of operation.

(xii). Apart from charges for C&F operations, the CHPT has also proposed to increase the charges for plot operations to Rs.6/- PMT. This charge corresponds to the existing charge of Rs.3.75 PMT for delivery / receipt of bulk cargo and ores. Since no cost justification is available, the existing rates may continue in this case also. The CHPT has requested to bring timber / logs also under this category to attract more volume. It is noteworthy that timber / logs pay C&F charges of Rs.40/- PMT in the existing arrangement and the proposed re-classification may benefit such traffic and may serve the objective of CHPT to attract this trade. In this backdrop, the proposal of CHPT is approved to the limited extent of allowing re-classification in the case of timber/ logs.

(xiii). It is a longstanding demand of the users that C&F charges should not be levied in case of direct delivery / direct shipment commodities. The CHPT has now conceded to this demand and proposed a suitable conditionality in this regard to be introduced in the proposed scale of rates. This is approved.

In another conditionality proposed by the CHPT, it has been mentioned that C&F charges will be levied 'through all import applications and export applications as hitherto being done'. The merger settlement clearly stipulates about dispensing with notional gang postings and notional payments thereof. Keeping in mind the objectives of merger of DLB with CHPT, it will be appropriate for the port to levy C&F charges only when actual deployment of workers for such operation is made. That being so, the proposed conditionalities are amended to indicate that C&F charges will be collected through import applications and export applications only when there is actual deployment of labour for C&F operations.

(xiv). In respect of C&F operations, the CHPT has proposed to levy piece rate incentives to workers separately at actuals. This is an existing arrangement which may continue. The port has, however, proposed to collect an advance payment of Rs.4/- subject to adjustment. The port has explained that piece rate incentives per tonne irrespective of cargo works out to Rs.3.60 PMT at the maximum level as per the actual working. Including service tax payable, the Port has rounded it off to Rs.4/- PMT. The proposal in this regard is approved. It is relevant here to point out that time limit for refund of penal interest for delay as per the general prescription made by this Authority will apply in this case also.

(xv). In line with the common policy decision already taken, the rates approved in this case will only be ceiling rates. The CHPT, if it desires, can charge lower rates depending on the requirements.

(xvi). The rates approved will remain valid for a period of two years from the date of the notification of the Order in this case in the Gazette of India. For good reasons, ahead of schedule review will also be entertained.

10. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves insertion of a new chapter in the Scale of Rates of Chennai Port Trust prescribing the rates and the conditionalities governing supply of cargo handling workers and supervisory staff for operations as in the **Annex** appended hereto.

(A.L. Bongirwar)
Chairman

Annex

CHAPTER - VII

Charges for Supply of Cargo Handling Workers and Supervisory Staff

Scale 1 - Stevedoring Operations:

(i). The time rate wages of different categories of workers for the purpose of stevedoring operations are as follows:

S. No.	Category	Wage rate per shift of 8 hours (in Rs.)
1.	On Board Supervisor	725.37
2.	Tally Clerk	626.02
3.	Tindal	513.13
4.	Maistry	517.48
5.	Winch Driver	491.71
6.	Signal Man	488.44
7.	Mazdoor	513.17

(ii). The stevedores shall pay charges comprising time rate wages and 192% levy on wages for stevedoring operations prior to the engagement of labour.

(iii). (a). The levy structure mentioned at clause (ii) shall not apply in case of agricultural produce such as wheat, rice, maize, pulses, etc., including sugar in bags or jumbo bags or pallaties.

(b). Such commodities will pay a charge of Rs.7.50 PMT for deployment of cargo handling workers and supervisory staff for stevedoring operations.

(iv). The piece-rate incentive shall be paid at actuals separately.

(v). Time limit for payment of charges by users / refund of excess collection by port as well as levy of penal interest for delay will be governed by the provisions prescribed in Chapter - I of this Scale of Rates.

(vi). Whenever any additional man power is required by stevedores, actual wages in respect of the category of the workers intended shall be payable by them in addition to the levy.

(vii). While calculating the piece-rate, the datum will not be adjusted, according to effective hours of working, i.e., there will be no idle hour concept. The datum will be taken as full tonnage for the entire shift without any deduction.

(viii). The Tonnage of Heavly Lift cargoes will be taken as 7 Tons/Unit for calculation of piece rate and for other purposes hitherto adopted.

(ix). The Mazdoor posted in the Gang will be distributed for on shore and on board work as per the operational convenience.

(x). In case of shortage of Maistry, the Tindal may be posted in his place. Whenever Tindal is in shortage, Maistries will be posted only to bulk vessels of Fertilisers and Ore, where shore crane is put into use (where there is no posting of Winch Drivers).

(xi). One Reliever up to 3 Hooks and 2 relievers for 3 Hooks and above will be posted in the categories of Winch Drivers/Signallers/ Tally Clerks per shift per vessel.

(xii). One Supervisor will be posted upto 1 Hook and 2 Supervisors for 2 or more hooks per shift per vessel.

Scale 2 - Clearing & Forwarding Operations

Nature of Cargo		Levy per tonne (in Rs.)
Delivery / Receipt		
(a).	General Cargo	40.00
(b).	Bulk cargo, ore and timber / logs	3.75

Conditions:

1. The applicable C&F will be collected through Import Applications and Export Applications when there is actual deployment of labour for C & F operations and no separate wages will be collected for this work.

2. The above rates do not include piece rate incentive. The piece rate incentive shall be calculated by CHPT, after completion of delivery / receipt and this is payable by the users, in addition to the above C & F charges.

3. A sum of Rs.4/- per tonne will be collected in advance in addition to the above towards piece rate incentive for C & F operations which will be adjusted against the actual piece rate calculated by CHPT. Time Limit for refund / payment and payment of penal interest in case of delay will apply as prescribed by TAMP in the General Condition in Chapter - I of this Scale of Rates.

4. Whenever any additional man power is required by stevedores, actual wages in respect of the category of workers indented shall be payable by them in addition to the levy.

5. For inter-carting operations, the same rates as applicable for C & F operation will be collected.

6. For receipt delivery work of general cargo, gangs will be posted at various points and will work for different employers in the given shift. However, a separate gang of 4 mazdoors for bagged cargo will be deployed on request from the Employer with prior intimation to the shift section.

7. Wherever CHPT has permitted Direct Delivery / Direct Shipment, no charges towards C & F operation is payable for such quantity, which is directly delivered from the hook point or directly shipped without the use of CHPT labour.

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

F. No. TAMP/8/2003-CHPT **Proposal from the Chennai Port Trust (CHPT) for revision of levy for Stevedoring activity.**

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

2. A copy of the proposal was forwarded to various concerned port users/representative bodies of port users for comments. The comments received from them are summarised below:

Chennai Port Stevedores Association (CPSA)

(i). The proposal of the port is to convert the existing practice of collecting time rated wages on the man power supplied as per the agreed manning scale for the respective cargo and percentage levies on time rate wages into a per metric tonne rate. We reject the per Metric Tonne Levy structure.

(ii). The present system of percentage levy induces the stevedores to perform efficiently and increase productivity. Existing percentage levy is more flexible towards any future changes in manning pattern.

(iii). We have already highlighted the multiple levy structure being followed by the CHPT for a given cargo.

(iv). The stevedoring activity does not restrict to only supply of labour and its costs. It encompasses charges for supply of labour for landing, loading, delivery and receipt of goods.

(v). The rate proposed is very much on the higher side.

(vi). The manning scales / levies have been fixed as per the merger settlement and its modifications vide settlement dated 22 April 2002, for various cargoes with sub categories providing a user friendly and need based approach toward cargo handling operations. The port has grossly erred in combining the sub categories of various cargoes into a single category for the respective cargoes listed while proposing a fixed per MT rate. The reason as to why the cargoes have been sub classified / categorised was due to varying density / productivities nature of operation for the respective cargoes.

(vii). Clause 14 of the terms of the merger settlement guarantees the financials of the Cargo Handling Division. There is no need for the port to alter the pattern of levying or increase its levies on cargo handing operations.

(viii). A charge or a levy is collected only to defray the cost on the management of various statutory payments made to its workers and staff like, bonus, provident fund, pension, welfare measures, holiday wages, cost of administration of running the pool of workmen, etc. The existing levies were fixed when the erstwhile Madras Dock Labour Board had in its employment more than 3000 employees when compared to the present total strength of 1365 (1040 workmen + 325 administrative staff).

(ix). The proposal does not provide the costing / financial working of the Cargo Handling Division which is a primary requisite while submitting any proposal to TAMP. Though they have submitted annexures on proposed per MT rate, they have failed to submit the actual Income & Expenditure statement of the Cargo Handling Division, inorder to justify the rate sought for.

(x). The Ministry of Shipping has approved a proposal of CHPT for a special VRS package to its employees. The VRS offer of the port ends on April 30, 2003. The users including the stevedores have agreed to contribute an additional 15 days equivalent of wages to the Port's offer inorder to help the port in reducing its surplus manpower. The present strength of the Cargo Handling Division may decrease drastically with the revised VRS package being offered by the Port along with the Users. The port has to take this into consideration, as any decrease in strength will decrease its expenditure.

<u>Hindustan Chamber of Commerce</u> (HCC)

(i). The proposal of per MT levy needs to be shelved and the existing pattern of percentage levies wherever applicable may be continued.

(ii). The existing multiple percentage levy should be simplified into a single percentage levy for the respective cargoes.

(iii). The VRS Scheme will result in the need to reduce the levy.

(iv). The CHPT may submit a revised proposal and we will offer comments of the revised proposal.

(v). The CHD has also been collecting levies not agreed to in clause 12(3) of the merger settlement in certain cargoes. The Ministry of Shipping had also advised the CHPT on the above vide its letter dated 22 November 2000 due to objections being raised in the A.G. Audit.

(vi). Taking into consideration the merger settlement signed by the CHPT we are not sure if the Port can take a unilateral decision to change or alter the pattern / system of collection of levies and other charges of CHD.

The Port has not conducted a proper exercise on the effects of the proposed rates cargo-wise prior to presenting this proposal to TAMP.

(vii). The present system of collection of percentage levies on the time rate wage of workmen is the best and any change would only be a retrograde step by the CHPT in removing the incentive for the user in ensuring / achieving a higher productivity.

(viii). The port users have agreed to contribute 15 days salary for the employees opting VRS to help the port to reduce the surplus manpower. Consequent on the VRS, the manning scale can be suitably reworked to keep the minimum required strength and the burden on the stevedores can be reduced.

(ix). It would be prudent on the part of the CHPT to submit a revised proposal as decided by its Board and Tariff Committee.

The Madras Chamber of Commerce & Industry (MCCI)

(i). We reject the structure of a per MT levy. In the present structure of percentage levy on time rate wages stevedore will perform to his optimum to earn more ensuring better performance.

(ii). The stevedoring activity does not restrict to only supply of labour and its costs. It encompasses charges for supply of labour for landing, loading, delivery and receipt of goods.

(iii). The rate proposed is very much on the higher side.

The Chennai & Ennore Ports Steamer Agents' Association (CEPSAA)

(i). The tonnage levy will not be beneficial to the trade. There is no scope for reduction in handling cost by achieving higher productivity. There is no penalty for lower productivity.

(ii). The existing system will help to cut down the handling cost and will be beneficial to the trade.

(iii). On the basis of VR Scheme announced by CHPT and implementation of it, a realistic proposal could be made after ascertaining the actual strength of the Cargo Handling Division employees remaining on roll.

(iv). The proposal lacks clarity in classification of commodities of different densities and thus, leaving ample scope for regrouping based on different discharge rates (eg.) coal and coke has different discharge rates and different density; coke will have substantially lower productivity compared to coal.

(v). The Port should have taken the views of the various agencies through detailed discussions before embarking on such a proposal.

(vi). It is suggested not to approve the proposal of the CHPT.

The Tamil Chamber of Commerce (TCC)

(i). Even though all the four schemes of the erstwhile Dock Labour Board were abolished consequent on the merger, the CHPT continued to recover levy on C&F operation. There is no element of C&F scheme after the merger and there cannot be C&F levy.

(ii). The claim that the percentage levy would contribute to reduce the stevedoring cost is not based on facts.

(iii). Export traffic of certain commodities shows a downward trend due to high stevedoring charges at the CHPT. In neighbouring ports rates are more attractive. The average proposed stevedoring charges per tonne is on the higher side compared to the present rates.

(iv). The port users have agreed to contribute 15 days salary for the employees opting VRS to help the port to reduce the surplus manpower. Consequent on the VRS, the manning scale can be suitably reworked to keep the minimum required strength and the burden on the stevedores can be reduced.

(v). The implementation of the levy structure will jeopardise the interest of the Port and Port Users. There is no urgency in changing the existing levy structure.

3. A joint hearing in this case was held on 7 August 2003 at the CHPT premises in Chennai. At the joint hearing, the following submissions were made:

The Chennai Port Trust (CHPT)

(i). We have submitted this proposal within the time limit prescribed by TAMP.

(ii). (a). Now, we want to continue with the percentage levy system and, therefore, revise our proposal as follows:

- For all cargo – wages + 206%
- No C & F levy.

(b). We propose uniform levy to avoid cross-subsidisation.

(iii). We will levy 206% only when labours are actually deployed. This will automatically eliminate C & F levy on direct delivery/shipment cases.

(iv). We agree to reduce the percentage levy to 192%, if all users agree.

(v). We will work out the composite wage rate within 10 days in consultation with HCC & CPSA.

The Hindustan Chamber of Commerce (HCC)

(i). TAMP may go into the manning scale for different operations/cargo and notify them.

(ii). With VRS, manpower has reduced. This development is after the proposal was submitted. Let CHPT review the figure of 206% based on actual cost. As a matter of fact, about 350 workers have already availed VRS.

(iii). We welcome uniform levy.

(iv). We suggest that the quantum wages to be recovered be a fixed one instead of revising it every 3 months on account of DA change.

(v). We feel 195% levy will be reasonable.

The Chennai Port Stevedores' Association (CPSA)

(i). We agree to 192% levy.

(ii). The nomenclature for this charge should be charges for supply of cargo handling labour. This is not the rate for stevedoring.

(iii). When shore labours are merged with on-board workers, as per the merger settlement, care should be exercised that redundancy is not brought in. Otherwise, we will be forced to pay higher percentage levy due to idle labour.

All other users present.

We have no objection to 192% levy.

4. Subsequent to the joint hearing, the HCC has made the following points in its written submission:

(i). There should be a uniform percentage levy for all cargoes.

(ii). The port has to rework the proposal based on the current strength of the cargo handling division as its proposal submitted earlier is based on the strength prior to the VRS offer to its employees.

(iii). The time rate wages, which is currently being revised every quarter due to variation in VDA, has to be a fixed one for the stated period.

(iv). In the event of merger of shore workers with the cargo handling division there will be increase in cost due to excess man power which will lead to possible increase in levy. Therefore, the merger should not result in increase in levy or only the required strength of shore workers should be merged with the cargo handling division.

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