TARIFF AUTHORITY FOR MAJOR PORTS

NOTIFICATION

No.TAMP/22/2000-CHPT - In exercise of the powers conferred by Sections 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposals of the Chennai Port Trust to enhance the ceiling for exemption of heavy lift charges whenever ship’s derricks are used and to prescribe a separate charge for packages weighing over 15 tonnes and upto 30 tonnes for stacking and delivery in its Scale of Rates, as in the Order appended hereto.

Case No. TAMP/22/2000-CHPT

The Chennai Port Trust … Applicant

ORDER

(Passed on this 12th day of May 2000 )

This case relates to a proposal from the Chennai Port Trust (CHPT) to enhance the ceiling for exemption of heavy lift charges whenever ship’s derricks are used and to prescribe a separate charge for packages weighing over 15 tonnes and upto 30 tonnes for stacking and delivery under Scale ‘A’ in Chapter III – Book-I of its Scale of Rates.

2. This Authority had passed orders on 11 March 99 and 27 September 99 about heavy lift charges imposed on packages over 20 tonnes by the CHPT. The arrangements prescribed by the Authority on matters relating to heavy lift charges are:

(i). ‘Heavy lift’ shall be defined as any package weighing 20 tonnes and above.

(ii). Packages weighing upto 20 tonnes shall, consequently, be exempt from levy of heavy lift charges.

(iii). (A). Whenever packages weighing above 20 tonnes are landed or shipped by the ship’s own gear without the use of the Port Trust’s heavy lift cranes, (heavy lift) charges shall be recovered at 50% of the normal rate.

(B). This charge shall not, however, be levied in the following cases:
(a). In cases where the heave lift is discharged by derricks into or loaded by derricks from barges subject to the barge being released or loaded by the use of the Port’s heavy lift cranes on payment of the normal heavy lift crane charges.

(b). In cases where the heavy lift cranes though requisitioned for landing or shipment of packages weighing above 20 tonnes but could not be spared by the Port for reasons like maintenance, overhaul, repairs, non-availability of the crane because of being hired by another party, etc., as certified by the Port’s Chief Mechanical Engineer and when the heavy lifts have to be landed or shipped necessarily by the use of the ship’s own derricks.

(c). In case of containers, either empty or stuffed with cargo, landed or shipped by the user of ship’s own derricks.”

3. The CHPT has stated that it has been receiving the following representations from port users:

(i). Enhancing the exemption limit of heavy lifts from 20 tonnes to 30 tonnes as most of the packages are handled through their own ship’s derricks, on account of non-availability of the CHPT’s heavy lift crane.

(ii). Introduction of a new rate under Scale-A since there is not rate available in respect of packages weighing over 15 tonnes and 30 tonnes for stacking and delivery operation, so that more cargo can pass through the Chennai Port, especially the steel coils.

(iii). Permission to bring in private cranes for quicker delivery of cargo. The Trade is even willing to pay 10% of the heavy lift cranage charges in such cases.

4. To mitigate the above-mentioned problems posed by the port users, the CHPT has now made the following proposals:

(i). To increase the exemption limit of heavy lift from 20 tonnes to 30 tonnes, whenever the ship’s derricks are used. For packages weighing more than 30 tonnes whenever CHPT’s equipment are available but not used and ship’s derricks alone is used 50% of the cranage charges will be levied.

(ii). To introduce a separate rate for packages weighing over 15 tonnes and upto 30 tonnes in Scale ‘A’ of its Schedule of Rates.

(iii). To levy a charge at the rate of 10% of heavy lift charges on all the packages whenever private cranes are used for faster delivery at the specific request of the parties and subject to ensuring by the traffic (department) that faster delivery had taken place.
5. The CHPT has stated that more cargo is likely to pass through the port by increasing the exemption limit of heavy lift charges in the cases where packages are directly delivered using the ship’s derricks. It has added that the CHPT is not rendering any direct services in the case of direct delivery of heavy lift consignment, when its equipment are not used.

6. In accordance with the procedure prescribed, the proposal of the CHPT was circulated among the concerned port users. Comments received from them are summarised below:

**Indian National Shipowners Association**

No comments have been received from them even tow weeks after expiry of the stipulated time limit.

**Hindustan Chamber of Commerce**

(i). We appreciate the gesture shown by the CHPT for its approach towards the request from the trade.

(ii). We are of the view that introduction of the slab would benefit the trade a lot in reducing the handling cost.

(iii). We suggest that 10% of the tariff may be charged when private equipment are used for quicker delivery without insisting for the certification of the traffic department to ensure whether the delivery was faster or not.

**The Chennai Custom House Agents’ Association**

(i). We are in agreement with the CHPT to increase the exemption limit from 20 tonnes to 30 tonnes whenever the ship’s derricks are used.

(ii). The suggested rate for packages over 15 tonnes and upto 30 tonnes is acceptable to us.

(iii). We are agreeable to a levy of 10% of heavy lift charges on all packages towards use of private crane.

(iv). However, in our opinion, the condition attached to the proposal for allowing the private crane is subjective. There is no parameter set by the port for quantum of heavy lift to be handled in a specified period and hence faster or slower delivery cannot be quantified. In the absence of a clear benchmark such a clause will lead to dispute. We are the opinion that this clause should be deleted.
Chennai Port Stevedores Association

We welcome the proposal of the CHPT for enhancement of the ceiling for exemption of heavy lift charges whenever ship’s derricks are used and provision of a separate charge under Scale ‘A’ for packages weighing over 15 tonnes and upto 30 tonnes.

The Container Shipping Lines Association (India)

We have no specific comments to offer.

7. No response has been received from the Southern Chamber of Commerce and Industry, Tamil Chamber of Commerce, Chennai Steamer Agents’ Association, Madras Chamber of Commerce and Industry, FIEO, Indian Merchants Chamber and All India Shippers’ Council.

8. The subject proposal of the CHPT is for extending some benefits to the trade. The users have also welcomed the proposal made by the CHPT. That being so, the Authority proceeded to decided the case without setting up a separate Joint Hearing, as adequate consultation has been made by inviting written comments.

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

(i). The proposal of the CHPT does not in any way conflict with or detract from the earlier Order of this Authority on the subject. It only seeks to further liberalise the provisions.

(ii). All the concerned user-organisations have wholeheartedly welcomed the proposal.

(iii). The proposal of the CHPT to increase the exemption limit from 20 tonnes to 30 tonnes for classifying heavy lift in the cases where the ship’s derricks are used is justifiable.

(iv). Scale ‘A’ in Chapter III – Book I of the CHPT Scale of Rates prescribes charges for stacking and delivery suing the port trust cranes. Scale ‘C’ prescribes charges for use of cranes for heavy lifts. The CHPT in its proposal pointed out that the charge fixed in Scale ‘A’ for packages weighing from 10 tonnes to 15 tonnes is 50% of the corresponding rate in Scale ‘C’. Accordingly it has proposed to introduce a new slab for packages weighing above 15 tonnes and upto 30 tonnes in Scale ‘A’ and to prescribe a rate therefore by considering 50% of the rate for the corresponding slab available in
The proposal of CHPT is reasonable and is expected to provide relief to the trade from payment of heavy lift charges for packages weighing between 15 tonnes to 30 tonnes.

The rates quoted by the CHPT in its proposal have undergone a revision following the Order passed by the Authority on 22 March 2000 relating to the general revision of cargo and vessel-related charges of the CHPT. This Order of the Authority has been notified in the Gazette on 10 April 2000. The carnage charges have been ordered by the Authority to be revised by 100% of the (then) existing rates. Cranage being a cargo-related charge, the revised rate therefor has accordingly come into effect from 10 April 2000. In the light of the revision already effected, the rates indicated in the proposal of the CHPT are to be revised by 100%.

(v) The CHPT has proposed to levy a charge of 10% of the heavy lift charges on all packages towards use of private crane. It has proposed to attach conditions like “whenever faster delivery is required at the specific request of the parties” and “subject to ensuring by the traffic that faster delivery had taken place”. The CHPT has pointed out that the trade are willing to pay 10% of the heavy lift cranage charges whenever the private cranes are permitted to be used for quicker delivery of cargo. The user agencies while communicating their comments on the CHPT proposal have also not objected to levy of this charge. However, the user agencies are apprehensive of the certification from the traffic department for each and every delivery indicating whether the delivery was faster or not. As justifiably pointed out by the some of the users, the Port Trust has not prescribed any clear benchmark for normal delivery of packages using its own cranes. In the absence of such benchmark, it will be difficult to assess whether the delivery is faster or slower whenever private equipment are used. In any case, it will be cumbersome to go in for such as assessment in every case. Apart from other hassles, the time taken for the certification may well offset the time gained by faster delivery!

10. In the result and for the reasons given above, and based on a collective application of mind, the Authority decides as follows:

(i) The proposal of the CHPT to increase the exemption time limit from 20 tonnes to 30 tonnes for classifying heavy lift in the cases where the ship’s derricks are used is approved.

(ii) The CHPT’s proposal to introduce a new slab in Scale ‘A’. CHAPTER-III – BOOK-I of the its Scale of Rates for packages
weighing over 15 tonnes and upto 30 tonnes and to prescribe a rate of Rs.232.50 per tonne per hoist for that slab is approved.

(iii). The CHPT can allow the private equipment at the request of the parties and charge 10% of the heavy lift charges. In such cases, however, certification of the Traffic Department about each and every delivery being faster need not be insisted upon. Based on the experience to be gained during a period of six months from the date of the implementation of this Order, the port trust can get the new arrangements evaluated to determine whether they have really helped to improve performance; and, if they have, to fix performance standards on that basis.

11. The CHPT is hereby directed to incorporate appropriate changes in it Scale of Rates in accordance with this Order of the Authority.

12. This Order shall come into force with immediate effect from the date of its notification in the Gazette of India.

S.SATHYAM, Chairman

[Advt./III/IV/Exty./143/2000]

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