No. 44

New Delhi, the 15 March, 2002

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 Chennai Port Trust for an amendment to its Scale of Rates with reference to the pilotage charges and shifting charges leviable in respect of Hot / Cold move operations as in the Order appended hereto.

( S. Sathyam )

Chairman

Tariff Authority for Major Ports

The Chennai Port Trust (CHPT)

Applicant

ORDER

(Passed on this 11th day of March 2002)

This case relates to a proposal received from the Chennai Port Trust (CHPT) for an amendment to its Scale of Rates with reference to the pilotage fees and shifting charges leviable in respect of Hot / Cold move operations.

2.1. This Authority in its Order dated 22 March 2000 in the general revision of tariffs case had stipulated that Pilotage fees shall include the inward and outward movement (connected with the Pilotage) and additional two acts of shifting.

2.2. The Authority's Order with reference to inclusion of two acts of shifting in the Pilotage Fee has been interpreted by the CHPT and the port users in a different manner. The CHPT has assumed that the first two shiftings done immediately after berthing of the vessels are to be excluded from the levy of Shifting charges irrespective of the fact whether such shiftings are done at the convenience of the port or at the convenience of the users. The port users interpreted it to mean that any two shiftings done at the request of users were to be excluded from levy of additional shifting charges.

2.3. In this backdrop, the CHPT had requested this Authority to clarify this matter. It was clarified that the two shiftings included in the composite Pilotage Fee referred to chargeable shiftings and not to any shifting.

3. The CHPT has made the following main points in its instant proposal:

(i). The shiftings are classified into (a) shifting at port's convenience and (b) shifting at user's request. The shiftings made for convenience of the port are not
chargeable, irrespective of any number of shiftings. When a vessel is shifted for convenience of the user, shifting charges are leviable from the third shifting onwards.

(ii). It has proposed the following amendments to its Scale of Rates:

(a). The following table may be inserted as Scale – III after Scale II in Chapter XIII – Pilotage fees and fees for other services.

<table>
<thead>
<tr>
<th>Operations</th>
<th>Hot Move</th>
<th>Cold Move</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inward Pilotage</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>2. Outward Pilotage</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>3. Shifting (Done at User’s Convenience)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shifting I</td>
<td>-Nil- (See Note 4)</td>
<td>50%</td>
</tr>
<tr>
<td>Shifting II</td>
<td>-Nil- (See Note 4)</td>
<td>50%</td>
</tr>
<tr>
<td>Shifting III &amp; Onwards</td>
<td>25%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The above percentage of charges shall be applied on the rates shown in Scale I and Scale II, Pilotage Fees under Chapter XIII.

(b). The following clauses may be inserted as Clause No. 4 and 5 after Clause No. 3 under Scale – III above:

(4). No separate charges are levied for any shiftings done at Port’s convenience as per TAMP’s Order dated 22.3.2000. Similarly, the first two shiftings done at User’s convenience are not chargeable separately as per TAMP’s clarification in their letter dated 18.12.2000.

(5). For this purpose, turning around of a vessel within berth is also considered as a shifting.

(iii). The amendments proposed were approved by its Board of Trustees in the meeting held on 11 June 2001.

4. A copy of the CHPT proposal was circulated to the concerned port users/representative bodies of port users for comments. The Tamil Chamber of Commerce (TCC) has sent its comments on the proposal. It has agreed with the amendment to the CHPT Scale of Rates relating to Pilotage fee and Shifting Charges leviable in respect of Hot/ Cold move operations as proposed by the CHPT. Comments from the other port users / representative bodies of port users have not been received.

5. A joint hearing in this case was held on 18 December 2001 at the CHPT. At the joint hearing, the CHPT mentioned that it had presented an agreed proposal. All the port users present at the joint hearing viz. the Chennai Steamer Agents’ Association, Madras Chamber of Commerce and Industry, Hindustan Chamber of Commerce, Container Shipping Lines Association, Tamil Chamber of Commerce, and Shipping Corporation of India indicated their agreement with the CHPT proposal.
6. With reference to the totality of information collected in the processing of this case, the following position emerges:

(i). In its Order relating to general revision of tariffs at the CHPT, this Authority had already prescribed that the composite pilotage fee leviable included Inward and Outward movements and additional two acts of shifting. As has been mentioned in the relevant Order itself, this prescription was approved in the case of the CHPT by adopting a similar provision made in the SOR of the MOPT. Subsequently, it has been clarified that the two shiftings included in the composite pilotage fee refers to chargeable shiftings. This position gives rise to the necessity to have separate shifting charges which hitherto are not available in the SOR of the CHPT.

(ii). In the case of shifting under cold move conditions, the CHPT has proposed to levy shifting charges right from the first shifting onwards. It has cited additional resources required and risks involved in such shiftings as a justification for its proposal. The definition of composite pilotage fee made by this Authority may also be seen to cover normal vessel movement i.e., under hot move. It is noteworthy that none of the users consulted as a part of the proceeding in this case has objected to the proposal made by the CHPT.

(iii). The CHPT has proposed to levy 25% of the prescribed pilotage fee as shifting charges under hot move. Since two shiftings are included in the pilotage fee itself, this charge is leviable from the third shifting onwards.

Following the general prescription of levying double the normal rate for cold move and for the reasons given in sub para (ii) above, the CHPT has proposed to levy 50% of pilotage fee as shifting charges in cold moves conditions. While this appears reasonable, the logic of suddenly increasing the rate to 100% from the third shifting onwards is not apparent. Since the rate is for an act of cold shifting, it must apply equally to all shiftings made in cold move conditions. That being so, the proposal to levy 100% of pilotage fee from the third shifting onwards in cold move condition cannot be approved. It is reasonable to have a rate of 50% of pilotage fee for all shiftings in cold move condition.

(iv). The CHPT has indicated that its proposal was formulated in consultation with the users. The users have also unanimously endorsed the proposal made. That being so, this Authority have no reservation to approve the amendment to the CHPT Scale of Rates subject to the modification mentioned in sub para (iii) above.

(v). In the instant proposal, the CHPT has linked the charges leviable for shifting with the composite pilotage fee. It may be a more rational arrangement to levy shifting charges on ‘per GRT’ basis based on the cost incurred to provide such services. The CHPT is advised to propose shifting charges accordingly at the time of the next general revision/review of its tariffs.

(vi). As has already mentioned, the existing Scale of Rates of the CHPT defines the composite pilotage fee to include two acts of shifting. Generally, pilotage fee includes services of one Inward and one Outward pilotage and one act of shifting within the docks. This prescription has been introduced in the Scale of Rates of many of the Major Port Trusts decided recently. Before introducing such a change at the CHPT, a detailed scrutiny of the financial position is to be made to adjust the composite pilotage fee due to the exclusion of the second shifting from it. It appears that this modification can be more conveniently done at the time of the next general revision/review of the CHPT tariffs. The CHPT is, therefore, advised to formulate its proposal at the time of the next general revision/review by taking into account the change to be introduced in the coverage of composite pilotage fee.

7.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following amendments in Chapter XIII – Pilotage fee and fees for other services of the CHPT Scale of Rates:

(i). The following table will be inserted as Scale – III after Scale II.

Scale - III
### PILOTAGE FEES AND SHIFTING CHARGES

<table>
<thead>
<tr>
<th>Operations</th>
<th>Hot Move</th>
<th>Cold Move</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inward Pilotage</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>2. Outward Pilotage</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>3. Shifting (Done at User’s Convenience)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shifting I</td>
<td>-Nil-</td>
<td>50%</td>
</tr>
<tr>
<td>Shifting II</td>
<td>-Nil-</td>
<td>50%</td>
</tr>
<tr>
<td>Shifting III &amp; Onwards</td>
<td>25%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Note: The above percentage of charges shall be applied on the rates prescribed in Scale I and Scale II, Pilotage Fees under Chapter XIII.

(ii). The following Notes will be added after Note No. 3 under Scale– III above:

(4). No separate charges shall be levied for any shiftings done at Port’s convenience. Similarly, the first two shiftings done at User’s request shall not be charged separately.

(5). For this purpose, turning round of a vessel within berth is also considered as a shifting

7.2. This Order will come into effect after expire of 30 days from the date of its notification in the Gazette of India.

(S. Sathyam)

Chairman

[ List of Ports | List of Orders]