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 re-fixes the berth hire and fleeting charges for LASH barges at the Cochin Port Trust, as in the Order appended hereto.

(S. Sathyam, Chairman)

Case No. TAMP/58/99-COPT

ORDER

The Cochin Port Trust (COPT) … Applicant

(Passed on this 27th day of November 2000)

This case relates to a proposal received from the Cochin Port Trust (COPT) for revision of berth hire charges for LASH barges.

2. The proposal is based on a representation received by the COPT from M/s. Aspinwall & Company Limited who represent M/s. Waterman Steamship Corporation the main party which brings LASH barges to the Cochin Port. They have requested the COPT to re-fix the berth hire and fleeting charges after taking into consideration the rates in the neighbouring port of Chennai and Tuticorin.

3. The COPT has pointed out that no separate tariff was prescribed for the LASH barges before the revision of Scale of Rates in 1999; and, it was charging berth hire for LASH barges at the rates applicable to sailing vessels. In the revised Scale of Rates, which came into effect from 5 January 1999, the following separate berth hire charges have been prescribed:

   (i). Rs.3.50 per GRT per day or part thereof for coastal vessels,

   (ii). US $ 0.15 per GRT per day or part thereof for foreign vessels.

4.1. The COPT has admitted that the revision has resulted in an increase of about 360% in the case of LASH barges from coastal vessels and 325% in the case of LASH barges from foreign vessels, which escaped its notice earlier. The COPT has, therefore, suggested a correction now.

4.2. Considering the rates charged by other ports like Chennai and Tuticorin and with a view to scale down the (unintended) steep increase in the rate of LASH barges, the COPT initially proposed to revise the berth hire as given below:

Berth Hire of LASH Barges:

<table>
<thead>
<tr>
<th></th>
<th>Coastal vessels</th>
<th>Foreign vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Occupying any berth in the Port.</td>
<td>Rs.800/- per barge per day or part of a day.</td>
<td>US $ 20 per barge per day or part of a day.</td>
</tr>
</tbody>
</table>
5.1. The proposal of the COPT was circulated to the various port users / representative bodies of port users. Comments received from them are summarised below:

M/s. Aspinwall & Company Limited

They are happy that the COPT had considered their representation and proposed a revision in the tariff for LASH barges and whole-heartedly endorse the proposal.

Indian National Shipowners Association (INSA)

(i). The principle adopted for levying tariff on the basis of GRT approved by the TAMP with effect from 5 January 1999 is correct and does not require any change so soon.

(ii). There is no reason or cause to revise the rate on a lump sum basis. Rate per GRT has no direct link with the quantity of cargo loaded/carried. However, calculations for arriving at GRT do take into account the lifting capacity of the vessel.

(iii). Giving a concessional rate for LASH barges will cause unfair competition. The earlier basis of treating LASH barges on par with sailing vessels 25 years ago can at best be considered as promotional. And, comparison with Chennai and Tuticorin are not relevant.

(iv). No change needs to be made in the existing Scale of Rates.

The Shipping Corporation of India (SCI)

(i). It is too early to consider a revision of rates within seven months of the last one.

(ii). Berth hire rates for LASH barges were last fixed in 1984 by the COPT; and, there has been no change in these rates for the last fifteen years upto 5 January 1999. Whereas, for general cargo vessels, the berth hire charges were revised frequently.

(iii). Earlier berth hire charges for LASH barges were based on the sailing vessels tariff on a fixed per diem rate, which gave an unfair tariff advantage to the operations of LASH barges over the general cargo vessel operators. Now the COPT has considered a tariff for LASH barges based on GRT, which brings it in line with other foreign going and coastal vessels.

(iv). The COPT has already given a concession to LASH mother vessels by not charging them port dues when they discharge barges at Cochin outer roads.

The Cochin Steamer Agents’ Association (CSAA)

They fully endorsed the views expressed by M/s. Aspinwall & Company Limited.

5.2. In reply to the comments received from the INSA and the SCI, the COPT has stated following:

(i). A LASH barge cannot be compared with a ship, as they are small gearless floating crafts (approximately 206 GRT), which are discharged from a ship. As such, LASH barges cannot be compared with ships; and, therefore, the contention of the INSA that “giving a concessional rate for LASH barges would cause unfair competition” cannot be accepted.
(ii). The views of the SCI that the earlier practice of charging the sailing vessels rate for LASH barges gave an unfair tariff advantage to the operators of LASH barges over the general cargo vessel operators is not correct for the same reasons given above.

(iii). It may be appreciated that competition, wherever possible has to be encouraged. If there is a reduction in the rate to encourage the trade, there can not be any objection.

6.1. A joint hearing in this case was held at the COPT on 11 August 2000. During the joint hearing, the following submissions were made:

**Cochin Port Trust**

(i). A separate concessional berth hire for LASH barge is required. There is no such separate rate available now. At present we go by the rates prescribed for the sailing vessels.

(ii). If we go by the rates for ships, rates may be very high for barges.

(iii). The objection raised by the INSA has no logic.

**Indian National Shipowners Association/Shipping Corporation of India**

(i). Mother vessel gets lots of concessions. Why special facilities should be provided for barges also?

(ii). The COPT has proposed a unit rate for a barge of 206 GRT. What will happen if a much larger barge comes? Will the same rate apply?

(iii). If the barge is registered as a vessel, then, the same GRT rate as applicable for other vessels should be applied.

(iv). Cargo carried by LASH barges may be aid cargo. But, LASH barge is a commercial operation. Then why should concessions be given?

(v). If concessions are to be given for LASH barges, then give concessions to containers also.

(vi). The increase in rate for coastal barge (i.e. 300%) is too high which should be reduced.

**The Cochin Steamer Agent’s Association**

(i). We support the COPT’s proposal.

(ii). Comparison with container is not correct. Operator can remove a destuffed container to a private warehouse, However, an unloaded LASH barge has to stay in the port waiting for the mother vessel and incur additional expenditure on account of Port charges.

(iii). LASH barges always bring in aid cargo, hence, they should be facilitated and not fleeced.

**M/s. Aspinwal & Co. Limited**

(i). Container cannot be compared to a barge at all.

(ii). LASH barge brings in aid cargo.

(iii). LASH barges pay fleeting charges. The COPT should provide fleeting facilities. The COPT should introduce a new rate for fleeting.
(iv). We are not insisting on a concessional berth hire. We are asking to give a reasonable fleeting charge.

(v). The COPT should compare the comparables. It can not propose for a ‘daily’ rate, a CHPT rate for ‘3 days’

6.2. The following position has emerged from the joint hearing:

(i). LASH barge being a registered vessel, it will be appropriate to charge on GRT basis.

(ii). While retaining the GRT rate for berth hire, a cheaper rate may be prescribed for fleeting charges.

6.3. The COPT agreed to review its earlier proposal and recast it, if necessary. The COPT was allowed a month’s time to inform the final position after review of its proposal.

7. The COPT has sent a revised proposal prescribing berth hire/fleeting charges for LASH barges which is as follows:

<table>
<thead>
<tr>
<th>Berth Hire Charges for LASH Barges</th>
<th>Coastal Vessel</th>
<th>Foreign Vessel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupying any berth in the port</td>
<td>Rs. 2.00 Per GRT</td>
<td>US $ 0.10 Per GRT</td>
</tr>
<tr>
<td>Fleeting Charges</td>
<td>Rs. 1.00 per GRT</td>
<td>US $ 0.03 Per GRT</td>
</tr>
</tbody>
</table>

Note: Whenever a barge occupies any mooring berth the rate applicable to such mooring as per the Scale of Rate will apply. Whenever the Mother vessels carrying LASH Barges, discharged the barges at the outer anchorage and sails out from there without entering the inner harbour without attracting Port Dues, then the Port dues will be collected from the LASH Barges entering the inner harbour based on their GRT. In cases where the mother vessels enter the inner harbour and attract port dues, then the Port dues shall not be leviable on the LASH barges.

8. 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 proposal is to be viewed as a corrective measure to undo the unintended revision of rate that has taken place during the last revision. The COPT has also accepted this. When the last revision of rates was considered by this Authority, none of the users had pointed out the effects of revision of rates for LASH barges.

(ii). LASH barge is a registered vessel having designated GRT. All vessel related charges are based on GRT. There are no special circumstances projected for deviating from this principle. Accepting this principle, the COPT has recast its earlier proposal and proposed a GRT based rates.

(iii). A LASH barge carries out loading / unloading operation at the berths and then fleets at a safe area till the mother vessel arrives to pick up. This warrants specification of separate rates for berth hire during the process of loading or unloading and fleeting charge when it waits for the mother vessel.

(iv). Ideally, the berth hire for a LASH barge should be the rate prescribed for the specific berth occupied by it. If this principle is applied, the LASH barges may have to pay more than the existing rates separately prescribed for them. This principle cannot be prescribed immediately with total disregard of the rates levied before the 1999 revision. In the circumstances cited, the movement towards the ideal will have to be gradual.

LASH barges were clubbed with sailing vessels and paying concessional rates. However, a beginning has been made in the right direction in the 1999 revision to differentiate LASH
barges from sailing vessels and to levy berth hire on them based on GRT. But this differentiation has already resulted in a manifold increase in the rates over the pre 1999 rates. Ignoring this fact, the berth hire charges for LASH vessels cannot be prescribed with reference to the existing rates for different berths which will only lead to aggravation of the burden.

(v). Considering a LASH barge with GRT of 206, the proposed rate will fetch a berth hire of $20.4 as against the berth hire of $30.9 at the existing rate. The sailing vessels, with which the LASH barges were clubbed earlier, pay a consolidated charge of $12.67.

Even if the proposed rate will not bring the berth hire charges for a LASH barge to the level of charges for a sailing vessel, it will definitely provide substantial relief to the LASH barges. The proposed berth hire rate is more or less comparable with similar rates in ports like Paradip and Tuticorin.

(vi). There is no separate rate in the existing Scale of Rates of COPT for levying fleeting charges. The proposed fleeting charges are found to be reasonable when compared with the differential in berth hire and fleeting charges maintained at other ports.

(vii). The number of LASH barges handled by the COPT being not substantial, the proposed reduction in the berth hire rates may not have any serious adverse effect on the port finance.

(viii). The berth hire and fleeting charges proposed by the COPT are per diem rates. However, this Authority has already passed an Order to charge berth hire in a smaller unit of 8 hour basis. Accordingly, the unit of charging in this case shall be prescribed per GRT per 8 hour or part thereof by making suitable adjustment in the proposed per diem rates.

(ix). The proposed conditionality about levying port dues either on mother vessels or on LASH barges under different situations is in line with the general practice and is, therefore, approved. Likewise, the proposal to levy charges as per the existing mooring rates whenever a LASH barge occupies such mooring is found to be reasonable and approved.

(x). The objection of the INSA and SCI about giving unfair tariff advantage to the LASH operation over the general cargo operation is misplaced. The comparison of conventional general cargo carriers, as made out by the SCI, is not correct. The concept of LASH operation is for faster turnaround and cost effectiveness. LASH operation puts relatively lesser demand on port infrastructure when compared to a conventional general cargo vessel operation. Likewise, equating a LASH barge and container is an attempt to compare uncomparables. The fundamental difference that container is a box to carry cargo whereas LASH barge is a vessel needs to be recognised. Further, the question of levying berth hire on containers does not arise at all.

(xi). The berth hire / fleeting charges on LASH barges collected at other ports are on a consolidated daily rate. In view of the principle prescribed in this case relating to levy of berth hire on LASH barges based on GRT, the position at other ports needs to be reviewed. The existing rates at the other ports may be modified to a GRT based rates, when proposals for revision of vessel related charges for the respective ports will be considered.

9. In the result, and for the reasons given above, this Authority approves the proposal of the COPT as given below:

(i). Deletion of the existing berth hire charges for LASH barges from the Schedule of Rates of the COPT.

(ii). Insertion of the following rate and conditionality under the Schedule of berth hire in the Scale of Rates of the COPT:

“F. LASH Barges:
<table>
<thead>
<tr>
<th>(i)</th>
<th>Berth hire charges for occupying any berth.</th>
<th>Coastal Vessel</th>
<th>Re 0.67 per GRT per 8 hour or part thereof</th>
<th>Foreign Vessel</th>
<th>US $ 0.033 per GRT per 8 hour or part thereof</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii)</td>
<td>Fleeting charges when barges wait at safe fleeting area</td>
<td>Coastal Vessel</td>
<td>Re 0.33 per GRT per 8 hour or part thereof</td>
<td>Foreign Vessel</td>
<td>US $ 0.01 per GRT per 8 hour or part thereof</td>
</tr>
</tbody>
</table>

Note:

(i). Whenever a barge occupies any stream mooring the rate applicable to such mooring as per the Scale of Rates will apply.

(ii). Whenever Mother vessels carrying LASH Barges, discharge the barges at the outer anchorage and sail out from there without entering the inner harbour without attracting Port Dues, then the Port dues will be collected from the LASH Barges entering the inner harbour based on their GRT.

(iii). In cases where the mother vessels enter the inner harbour and attract port dues, then the Port dues will not be leviable on the LASH barges.”

10. The COPT is directed to amend accordingly its Scale of Rates.

11. The above rate shall come into force on expiry of 30 days from the date of Notification of this Order.

(S. Sathyam, Chairman)