Tariff Authority for Major Ports

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of the Jawaharlal Nehru Port Trust for approval of procedure and charges for inter-terminal handling of transhipment containers at the Jawaharlal Nehru Port Terminal and the Nhava Sheva International Container Terminal Limited as in the Order appended hereto.

(S. Sathyam)
Chairman

Case No.TAMP/75/2001-JNPT

The Jawaharlal Nehru Port Trust (JNPT) - - - Applicant

ORDER

(Passed on this 19th day of February 2002)

This case relates to the proposal received from the Jawaharlal Nehru Port Trust (JNPT) for fixation of charges for inter-terminal handling of transhipment containers at the container terminal of the Jawaharlal Nehru Port Trust (JNPT) and the Nhava Sheva International Container Terminal Limited (NSICT).

2.1. This Authority had earlier (July 99) received a representation from M/s. Shreyas Shipping Limited (SSL) stating that the transhipment cost for containers arriving either at the JNPT or at the NSICT but loaded at the other terminals was double the existing rates as the NSICT and JNPT were treated as separate entities for charging the rate applicable for transhipment.

2.2. The representation of the SSL was processed as per the procedure adopted. At the joint hearing relating to that case, it was decided that the SSL would give the agreed text describing interim arrangement installed. The SSL had detailed the following procedures as an interim arrangement currently in operation:

(i). Transhipment containers would be unloaded in a separate yard and subsequently 'house kept' for concerned mainline vessel.

(ii). Transhipment containers received from mainline vessels to be federed to other neighbouring ports would be loaded on the feeder vessel.

(iii). After finishing the operations, the feeder vessel would shift to the other Terminal to continue the same operations.
Transhipment containers would be loaded on mainline vessel depending upon the mainline vessel operators’ request.

Port would charge the composite transhipment charges, as notified to main shipping line.

The detailed procedure of the interim arrangement submitted by the SSL was forwarded to the NSICT and the JNPT for their comments.

2.3. The Authority had considered the representation and passed an Order on 19 July 2000 approving the procedure in operation at the JNPT and the NSICT for movement of transhipment of containers. Based on the suggestion made by the JNPT, it was also decided that the existing practice would continue till any operational problem arose requiring further intervention in the matter by this Authority.

3.1. In its present proposal, the JNPT has made the following points:

(i). In response to the representation from M/s. Shreyas Shipping Limited for deciding the inter terminal charges for transhipment containers, the TAMP vide its order No. TAMP/69/99-JNPT dated 20 May 2000 has stated that the charges towards inter-terminal handling of transhipment containers may be worked out by the concerned terminals after arriving the consensus with the users operating at respective terminals. (In fact, this Authority did not pass any Order in this regard on 20 May 2000 as mentioned by the JNPT. The Order was passed by this Authority on 19 July 2000 which was notified in the Gazette on 8 August 2000. In this Order, this Authority did not require the JNPT or the NSICT to work out a consensus proposal for inter-terminal transfer charges for transhipment containers).

(ii). Efforts were made to have a dialogue with Shipping Lines and common working procedure has been arrived by the two terminals i.e., JNPT & NSICT. This procedure has been agreed to by the CSLA & MANSA.

(iii). The following procedure and proposed charges are submitted for approval:

(A). Handling of Transhipment (TP) containers:

(a). TP container discharged at the JNPT and bound to be loaded at the NSICT shall be transported by the JNP TTs and the JNP RTGCs will discharge these containers in the NSICT yard of 4G.

(b). Similarly, TP container discharged at the NSICT and bound to be loaded at the JNPT shall be discharged by the NSICT by using its RTGCs and TTs in CY31 of the JNPT.

(B). Charges for handling of TP Containers:

(a). If a container is discharged by the JNPT and loaded by the NSICT at its terminal, in that case the charges will be as under:

- 50% of JNP TP handling charges as per JNPT Tariff shall be charged to the Line by the JNPT.

- For the same container the NSICT shall charge 50% of TP handling charges as per its Tariff + Rs.1300/- (for 20’) or Rs. 1950/- (for 40’) to its Line.
(b) If a container is discharged by the NSICT and loaded by the JNPT at its terminal, the charges will be as under:

- The NSICT shall charge 50% of handling charges to the line as per its Tariff.

- For the same container the JNPT shall charge 50% of TP handling charges as per the Tariff + Rs. 1300/- (for 20') or Rs. 1950/- (for 40') to the Line.

(c) NSICT will be additionally charging the Lines an amount equivalent to royalty paid to JNPT as per the licensee agreement i.e., Rs. 52/- per TEU till 2 July 2001 and Rs. 153/- per TEU from 3rd July 2002.

(d) The above procedure shall come into force, on trial basis for a period of two years with effect form 20 April 2001 to 14 April 2003 and shall be reviewed after six months.

3.2. The JNPT has given the following justifications for the proposed additional charge of Rs1300/- (for 20' containers) and Rs 1950 (for 40' containers):

(i). The transhipment containers meant for both the terminals will be stored in separate yard having common yard facility.

(ii). Lift on, transportation and lift off are being done by the respective terminals by deploying their handling equipments.

(iii). The break-up of Rs. 1300/- is, lift on-Rs. 400/-; transportation -- Rs.500/-; and, lift off -- Rs.400/-.

(iv). The component of Rs. 400/- is taken from the existing scale of rates of JNPT for lift on / lift off activity [Schedule-II; Section-1; 1.(iv)] of the scale of rates.

(v). The component of Rs.500/- towards transportation is derived considering the cost of transporting the containers with the help of terminal tractor trailers and on the basis of Scale of Rates under Schedule-II, Section-I; 7.(i), which specifies that Rs.1700/- per TEU will be charged for “shifting of containers within the terminal for custom examination or for any other purpose and subsequent loading of container for delivery” Thus, in this operations lift on, lift off and lift on components are involved. Therefore, if Rs.1200/- towards lift on, lift off & lift on are deducted from Rs.1700/-, a balance of Rs.500/- is left for transportation. Taking into account these, charge of Rs. 1300/- towards housekeeping as proposed is justified and already available in Scale of Rates of JNPT.

(vi). The proposed additional charge of Rs.1300/- has been accepted by the CSLA & MANSA.

(vii). The main intention through this working procedure is to attract more transhipment cargo and to develop the JNPT as main transhipment hub on the west coast.

3.3. The JNPT has also stated that the working procedure of the proposed charges has already been made effective from 20 April 2001. It has admitted that there was, however, some procedural delay in sending the proposal to this Authority. The JNPT has, therefore, requested that the Authority to accord approval for the working procedure and proposed charges for inter-terminal transhipment containers between the JNPT and the NSICT with effect from 20 April 2001.
4. The JNPT was requested to explain the circumstances warranting revision of the procedure already prescribed by this Authority in its Order dated 19 July 2000. The comments in this regard received from the JNPT are summarised below:

(i). The procedure prescribed was an internal arrangement on the basis of a request made by M/s. Shreyas Shipping Limited who are operating the services for transhipment containers. Subsequently, there are other main line operators who also started transhipment from the JNPT and the NSICT which necessitates revision of the earlier procedure.

(ii). Other Shipping Lines who operate main line vessels, have shown interest to have transhipment of containers separately from both the terminals i.e. JNPT & NSICT. They have requested the Port to have common procedure for transhipment to avoid calling of vessels at both the terminals separately which takes more time. Moreover, the Lines have opined that such transhipment containers to be handled by both the terminals require separate yard and equipment so as to have smooth and faster turn around of vessels with least cost.

(iii). It was, therefore, decided with consensus of the CSLA & MANSA that a revised procedure be followed. Accordingly, a composite inter terminal handling charges have been fixed.

(iv). The new procedure has avoided the delay in connecting transhipment containers which was hitherto be carried out by shifting of vessels from one terminal to other terminal or to treat the containers separately as import and export and charge the Shipping Lines accordingly. This was causing more cost for Shipping Lines for connecting TP containers from respective terminals. The revised procedure which has come into force from 28.4.2001 has given good results and the shipping Lines who are operating are also satisfied with this procedure and in agreement with payment of composite charges as indicated in the revised procedure.

5. The proposal of the JNPT was initially circulated to the Nhava Sheva International Container Terminal Limited (NSICT), M/s. Shreyas Shipping Limited, Indian National Shipowners’ Association (INSA), and Shipping Corporation of India Limited (SCI). The proposal was initially not circulated to MANSA and CSLA as the comments of these organisations were forwarded by the JNPT along with its proposal. The Comments received are summarised below:

**Container Shipping Lines Association (CSLA)**

(i). The Lines are entirely supportive of the fact that a mechanism has been arrived at to facilitate this movement and endorse the proposal of the JNPT.

(ii). While the transhipment rates appear cheaper than some adjacent ports, there is further scope to provide more competitive rates as some cost elements notably royalty appear to have been double counted.

**Mumbai and Nhava-Sheva Ship Agents’ Association (MANSA)**

(i). It welcomes agreement between the two terminals and also agrees with the tariff proposed.

**Shipping Corporation of India Limited (SCI)**

(i). The proposal submitted by the JNPT is agreed to in principle. We trust that the NSICT will also concur in the proposal as the issue involves both the terminals.
Since this will involve additional cost to the Lines and as they are land-side costs, the Lines will have to recover these additional costs from the Trade. Similar arrangement exists in the port of Colombo also. But there the Inter Terminal Transfer (ITT) is either arranged by the terminal or if the Lines carry out the ITT, the Lines get rebate for due amount. We, therefore, feel that the concerned terminals shall bear the cost of ITT between themselves.

In addition to ITT charges, the NSICT terminal will also be charging Royalty at the rate of Rs.52 per TEU till 2 July 2001. The amount of royalty of Rs.153 per TEU is stated to start from 3 July 2002. This appears to be a typographical error. The charge of Rs.153 per TEU may be applicable from 3 July 2001 and not 2002.

The amount of Royalty may not remain the same after 3 July 2001 and it will keep on increasing as per the agreement between the JNPT and the NSICT. If it is so, then, this amount is likely to go up to around Rs. 7000 in the 30th year.

M/s. Shreyas Shipping Limited

Inter-terminal movement of container is a part of the overall transhipment operation carried by a Port and assigning an additional cost which is approximately 30% of the tariff for transhipment is a very stiff proposition and will put the Jawaharlal Nehru Port at a disadvantage for attracting transhipment traffic out of Indian Ports if the two vessels are not calling at the same terminal.

The CSLA and the MANS have endorsed this proposal. As one of the only two operators whose ships carry 100% transhipment containers only, it is our experience that no Line is willing to bear any additional inter-terminal cost for containers brought in the JNPT as imports into or export out of the country.

The Lines while choosing a feeder service to a particular hub port give substantial weightage to the total transhipment cost incurred by them at a port. In such case, for a vessel having a throughput of more than 400 TEU, the only option is either both terminals which have been found to be not a practical solution due to various operational constraints or deploy two separate vessels dedicated to one terminal.

Unless the JNPT successfully demonstrates its role of having successfully fulfilled transhipment requirement of traffic from ports in India, it will not be able to stake its claim for its capability of holding a status of an International transhipment hub.

Major cost element has already been considered and together with the fact that the traffic is on the rise. There is, therefore, no justification for seeking additional revenue up to 30% of the total normal charge for carrying operations, the cost of which to a large extent has already been accommodated while increasing the Scale of Rates of both the terminals.

Inter terminal trucking operations does not really put additional monetary burden for the two terminals and must, therefore, be kept at the minimum level to allow users make use of this facility.

While forwarding a copy of the proposal for its comments, the NSICT was also requested to specifically clarify the reasons for proposing to levy separately an amount equivalent to royalty payable to the JNPT, when the tariff itself has been fixed after considering royalty payment as a cost element. The reply received from the NSICT is summarised below:

Before introducing the working procedure, the NSICT and the JNPT were handling the containers which were discharged at one terminal and loaded from other terminal after necessary shifting was carried out by the Shipping Lines/terminals.
(ii). The Authority publishes tariff for each individual terminal separately and not for two terminals together. The charges as per approved tariff, which are arrived at after considering the royalty costs for handling the box, were as under:

<table>
<thead>
<tr>
<th></th>
<th>20 ft box</th>
<th>40 ft box</th>
</tr>
</thead>
<tbody>
<tr>
<td>At JNPT Terminal for 20 ft box</td>
<td>Rs. 3,000</td>
<td>Rs. 4,500</td>
</tr>
<tr>
<td>At NSICT Terminal for 20 ft box</td>
<td>Rs.3,480</td>
<td>Rs. 5,220</td>
</tr>
<tr>
<td>Shifting charges for internal terminal Transfer</td>
<td>Rs. 1,700</td>
<td>Rs.2,550</td>
</tr>
<tr>
<td><strong>Total Handling costs</strong></td>
<td><strong>Rs. 8,180</strong></td>
<td><strong>Rs.12,270</strong></td>
</tr>
</tbody>
</table>

(iii). The cost, based on the notified tariff, was not found viable by the Lines, when they required to discharge at one terminal and load from another. Thus, a representation was made to the JNPT and the NSICT to arrive at some working arrangement at reduced costs.

(iv). Based on the discussions with JNPT and to accommodate the requests of the trade, the NSICT has indicated that it can consider handling the container at half the tariff provided the JNPT agrees to waive the royalty payment for this activity which is in interest of the Port and the Trade. Since it was not possible for JNPT to alter the terms of Licence agreement, it was decided to agree on the proposed working procedure with approval of CSLA and MANSA, provided they were ready to accept the royalty element as part of the subsidised tariff.

(v). Based on above proposal the revised tariff for the box is as under:

<table>
<thead>
<tr>
<th></th>
<th>20 ft box</th>
<th>40 ft box</th>
</tr>
</thead>
<tbody>
<tr>
<td>At JNPT Terminal for 20 ft box (1/2 rate)</td>
<td>Rs. 1,500</td>
<td>Rs. 2,250</td>
</tr>
<tr>
<td>At NSICT Terminal for 20 ft box (1/2 rate)</td>
<td>Rs.1,740</td>
<td>Rs. 2,610</td>
</tr>
<tr>
<td>Royalty recovery</td>
<td>Rs. 153</td>
<td>Rs.306</td>
</tr>
<tr>
<td>Shifting charges for internal terminal Transfer</td>
<td>Rs. 1,300</td>
<td>Rs.1,950</td>
</tr>
<tr>
<td><strong>Total Handling costs</strong></td>
<td><strong>Rs. 4,693</strong></td>
<td><strong>Rs.7.116</strong></td>
</tr>
<tr>
<td><strong>Cost Saving s to Lines</strong></td>
<td><strong>Rs. 3,487</strong></td>
<td><strong>Rs. 5,654</strong></td>
</tr>
</tbody>
</table>

It may be noted that the tariff for transhipment is actually 50% of the local tariffs and they are further discounted to the tune of 20% based on volumes. This makes transhipment rates very unattractive to the terminal operator.

(vi). The mutually agreed tariff is much less than the tariff approved by the TAMP and there is no question of double counting the costs. Since the tariff charged to the Lines is much lower than the TAMP approved tariff, there is no need to have the hearing on the matter.

(vii). The NSICT has gone out of its way to try and accommodate the requests of the Lines, keeping in mind the overall benefit to the Trade. The calculations above show, these adjustments have been made at a considerable pecuniary loss to NSICT. It, however, appears that the Lines are still not satisfied with the proposal and, therefore, we will withdraw this proposal and continue accepting such traffic at the original notified tariff as shown in (ii) above.
7. The proposal of the JNPT was not initially circulated to Bombay Chamber of Commerce and Industry (BCCI) and Indian Merchant Chamber (IMC) earlier as they were not consulted when the original representation of M/s. Shreyas Shipping Limited relating to transhipment charges for containers arriving at JNPT and the NSICT was considered. M/s. Shreyas Shipping Limited have now informed that M/s. Shahi Shipping Limited are also engaged in carriage of transhipment container. It was, therefore, decided to consult BCCI, IMC and M/s. Shahi Shipping Limited also. A copy of the proposal of the JNPT was forwarded to BCCI, IMC and M/s. Shahi Shipping Limited on 27 September 2001 for comments. Their Comments have not been received.

8. A joint hearing in this case was held on 12 October 2001 at the office of the JNPT in Mumbai. At the joint hearing, the following submissions were made:

**The Jawaharlal Nehru Port Trust (JNPT)**

(i). In the earlier arrangement there was no ITT.

(ii). Transhipment vessels had to shift from the JNPT to the NSICT by paying necessary shifting charges.

(iii). MLOs have started bringing transhipment containers in big vessels. The earlier system of berthing at the centre was not convenient. Formal shifting was necessary.

(iv). Only 50% of tariff is proposed and, therefore, there is a saving in this.

(v). There is a saving in shifting charge also as indicated by the NSICT.

(vi). The rate for ITT works out to Rs.1700/- . We have deliberately reduced to Rs.1,300/- to help the transhippers.

**M/s. Nhava Sheva International Container Terminal Limited (NSICT)**

(i). Transportation charge is a notified charge. It is, therefore, not a new item.

(ii). Shifting charge is not a notified item. But, we are required to do a lot of work. The charge is reasonable and, therefore, justified.

(iii). Royalty is being charged exactly as per the concession agreement.

(iv). M/s. Shreyas Shipping Limited are bringing two separate vessels – one for each terminal. Let them continue to do so.

(v). If the ITT arrangement as proposed cannot be accepted then the NSICT will not like to get involved in ITT at all.

(vi). M/s. Shreyas Shipping Limited brings containers from the Kandla Port. They have a contract at Kandla to carry a box and deliver it at a particular terminal. It is their contractual obligation. For their own convenience and planning benefit, they want the Terminal to adjust. They have to wait for berths to be available. They want to cut short and save costs and reduce the turn around time at our cost.

(vii). We may have 100 boxes for the JNPT and 200 boxes for the NSICT and 200 boxes from the JNPT and 100 boxes from the NSICT. This can not be done easily. We have to shuttle back and forth which is very expensive. Hence, the emphasis on ITT.

(viii). The 50% concession given has not attracted traffic.
The Mumbai and Nhava-Sheva Ship Agents’ Association (MANSA)

(i). The ITT system is beneficial to all. Why can not Transhipment Lines agree?

(ii). In ITT, extra movement is involved and hence the extra transportation cost (one horizontal and one lifting extra will be there).

(iii). The shifting charges are paid by the Lines. Why are transhippers upset? They have no locus standi.

The Container Shipping Lines Association (India) [CSLA]

We endorse the views expressed by the MANSA.

M/s. Shreyas Shipping Limited

(i). They say that the charge proposed is for the benefit of transhippers. This is not evident.

(ii). The NSICT says that weekly growth of ITT cases is 22 containers. If properly encouraged this traffic can grow more.

(iii). The Government says that everything must be done to develop the JNPT as a ‘hub’. How can they now say that transhippers are not concerned?

(iv). Lines pay shifting charge which is not correct. Lines refuse to bear the burden.

(v). The TAMP recently allowed concession to vessels of a particular size calling at the TPT. Please do so here also to encourage transhipment containers.

(vi). If this can not be done, we will have to shift to some ports in the Middle East.

9. With reference to the totality of information collected during the processing of this case, and bearing in mind the arguments advanced at the joint hearing, the following position emerges:

(i). The earlier procedure of shifting of vessels between the two terminals, viz. the JNPT and the NSICT, to discharge / load transhipment containers was approved by this Authority keeping in mind the fact that it was then in operation for more than a year at both the terminals. Since, it was recognised that the procedure adopted might not be a permanent solution, the earlier Order had clearly indicated that the procedure would continue only till any operational problem arose. The JNPT has now brought out the need to review the earlier procedure for movement of transhipment containers. It has been pointed out that the Shipping Lines prefer to avoid shifting of vessels between the terminals and also like to have a separate yard for storage of transhipment containers so as to shorten the turn around time of vessels. It has also been highlighted that the earlier procedure followed resulted in higher cost of handling transhipment containers to the Lines (perhaps, due to payment of shifting charges) when compared with the procedure suggested now. It is noteworthy that the procedure suggested now has already been put into operation by the JNPT since April 2001. It has been reported that the procedure in operation has produced the desired results; and, the Lines are also satisfied with the procedure adopted. In this backdrop, this Authority does not have any reservation to endorse the revised procedure for inter terminal handling of transhipment containers at the JNPT and the NSICT.

(ii). In the revised procedure adopted, there is no shifting of vessels between the terminals. It envisages storage of transhipment containers landed in a designated yard by one terminal and to be handled by the other terminal with its equipment in the loading
cycle. Even though shifting of vessel is avoided, extra movement of containers in the yard, as explained by both the JNPT and the NSICT, has become inevitable in the revised procedure. In this context, the terminal operators have sought an additional tariff to cover the cost incurred towards extra movement of containers.

(iii). The CSLA and the MANSAA have fully endorsed the proposal. The SCI and the SSL have opposed the proposed inter terminal transfer charge. Both the SCI and the SSL have argued that the inter-terminal transfer cost must be borne by the concerned terminals. The logic of this argument is not discernible. It has clearly emerged that, in such cases, the terminals have to undertake extra lift-on, transportation and lift-off activities. The existing composite rates for handling transhipment containers were fixed with reference to the activities involved in handling them within the same terminal. At that time, the scenario of handling transhipment containers at one terminal in the landing cycle and at the other in the loading cycle was not envisaged; and, hence, the composite rate was not computed by including the cost of additional movements of containers arising in such a situation. That being so, it cannot be said to be unreasonable for the terminal operators to seek recovery of additional tariffs to cover the cost of additional movements involved. As correctly pointed out by the NSICT, the procedure adopted now provides benefit to the Lines which otherwise would have waited for berths to be available at one terminal considering the fact that it is a contractual obligation for the Lines to deliver the containers at a particular terminal. This revised procedure, as again pointed out by the NSICT, will reduce the turn around time of vessels and thereby result in cost saving to the Lines. When the Lines will reap the benefit of the procedure adopted by both the terminals, it is not reasonable for them to expect the terminal operators to provide additional services required to achieve the benefits free of cost.

The point made by the SSL about a concession allowed by this Authority for mainline vessels calling at the Tuticorin Port Trust (TPT) is not relevant in the context of the transhipment containers handling under consideration in this case. In any case, the concession allowed at the TPT is subject to a minimum throughput condition which is protected by a bank guarantee arrangement prescribed. In the instant case, there is no minimum throughput assurance sought from the Lines.

(iv). The proposal envisages levy of 50% of the transhipment container handling charges as per the notified rate by each of the terminal and an additional charge for extra movement of such containers by the terminal performing the activities in the loading cycle. There cannot be any objection to the terminals levying 50% of the applicable notified composite rate for handling transhipment containers, as services to that extent are provided by them. This Authority, therefore, inclined to approve this component of the tariff proposed.

(v). As has already been mentioned, in the procedure adopted now, there are additional movements involved. These additional movements appear to be required for shifting the transhipment containers stored in the designated yard after landing, for vessel-wise stacking in the loading cycle. The additional handling is indicated as one lift-on, transportation, and one lift-off operations. Even though there are no separate rates prescribed for individual components of container handling activities in the Scales of Rates of both the JNPT and the NSICT, the JNPT has attempted to derive such rates from the approved rates. The methodology adopted by the JNPT is found to be reasonable. The rates for additional movements, derived from the existing tariffs, work out to Rs.1300/- (for 20’ containers) and Rs. 1950/- (for 40’ containers) in the case of the JNPT. This Authority, therefore, approves these rates for the JNPT as proposed.

(vi). In the case of the NSICT, the proposal envisages recovery of an amount equivalent to the royalty payable by it to the JNPT in addition to levy of charges for the additional movements / operations. It is noteworthy that the charges for additional movements / operations proposed for the NSICT are the same as those proposed for the JNPT. It may be relevant here to recall that the Scales of Rates approved for the JNPT and the NSICT are different. In November 2000, this Authority approved a 16% increase in tariffs for the NSICT. The revised tariffs were approved duly taking into consideration the royalty payable by the NSICT to the JNPT in the tariff computation. That being so, this Authority cannot
subscribe to the procedure sought to be adopted by the NSICT of recovering royalty payable as actuals, which, if allowed, will be nothing but double counting.

As mentioned earlier, the proposed charges for the additional movements involved are derived from the Scale of Rates of the JNPT; and, the NSICT’s Rates for container handling are 16% higher than those at the JNPT. Applying the methodology followed by the JNPT for deriving the proposed charges, in the NSICT case the charges for lift on / off will be Rs. 464/- (for 20’ container). Since the rate for shifting of containers within the terminal has not been revised in the case of the NSICT at the time of November 2000 revision, it still continues to be at the same level as that of the JNPT. It is, therefore, reasonable to consider a tariff of Rs. 500/- for transportation in the case of the NSICT also. Thus, the tariff for additional movement in the case of the NSICT works out to Rs. 1428/- (for 20’ container) and Rs. 2142/- (for 40’ container). That being so, this Authority decides to disallow the proposal of the NSICT levying an amount equivalent to the royalty payable as actuals and instead approves revised inter terminal transfer charge of Rs. 1428/- (for 20’ container) and Rs.2142/- (for 40’ container) in the case of the NSICT.

The revised rate approved for the NSICT is higher than that of the JNPT. It is to be recognised that the rate fixed by this Authority is only a ‘ceiling’ in the case of Private Terminal Operators. That being so, the NSICT has the option to operate the revised rate approved at the level of the JNPT rates, if it decides to do so for commercial reasons.

(vii). The JNPT has introduced the revised procedure from 20 April 2001 and, accordingly, has sought approval of the proposed charges with retrospective effect. The JNPT has also explained that it had only introduced the revised procedure but withheld billing for such services rendered at the proposed rates till a formal approval is accorded by this Authority. It is commendable that the JNPT has (commendably) changed its earlier approach of introducing new tariff arrangements through trade notices and instead chosen to fall in line with the tariff setting arrangement envisaged in the Statute. None of the users, excepting the SCI and the SSL, who have in fact objected to the introduction of a separate inter terminal transfer charge, has raised any objection about introducing the revised procedure and the tariff arrangement with retrospective effect. Be that as it may, the earlier procedure of shifting of vessels has been discontinued with the introduction of the revised procedure thereby resulting in a direct saving of shifting charges payable by the Lines. That being so, this Authority is inclined to approve the revised procedure and the charges for inter terminal transfer of transhipment containers between the JNPT and the NSICT with retrospective effect from 20 April 2001.

10.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following procedure and charges for inter terminal transfer of transhipment containers between the JNPT and the NSICT:

(i). Procedure for handling transhipment (TP) containers:

(a). TP containers discharged at the JNPT and bound to be loaded at the NSICT will be transported by the JNP TTs; and, the JNP RTGCs will discharge these containers in the NSICT yard of 4G.

(b). Similarly, TP containers discharged at the NSICT and bound to be loaded at the JNPT will be discharged by the NSICT by using its RTGCs and TTs in CY31 of the JNPT.

(ii). Charges for handling TP Containers:

(a). If a container is discharged by the JNPT and loaded by the NSICT at its terminal, the charges will be as under:
- 50% of transhipment container handling charges as per the JNPT Scale of Rates will be charged to the Line by the JNPT.

- For the same container the NSICT will charge 50% of the transhipment container handling charges as per its Scale of Rates and, in addition, also levy a charge of Rs.1428/- (for 20') or Rs. 2142/- (for 40') towards inter-terminal transfer.

(b). If a container is discharged by the NSICT and loaded by the JNPT at its terminal, the charges will be as under:

- The NSICT will charge 50% of transhipment container handling charges to the Line as per its Scale of Rates.

- For the same container the JNPT will charge 50% of TP handling charges as per its Scale of Rates; and, in addition, also levy a charge of Rs. 1300/- (for 20') or Rs. 1950/- (for 40') towards inter-terminal transfer.

10.2. This Authority also approves the procedure and charges mentioned at paragraph 10.1 above with retrospective effect from 20 April 2001.

10.3. The JNPT and the NSICT are directed to include these provisions accordingly in their Scale of Rates.

( S. Sathyam )

Chairman