

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

No. 263

New Delhi, the 27 September, 2001

TARIFF AUTHORITY FOR MAJOR PORTS

NOTIFICATION

No.TAMP/103/99-VPT

In exercise of the powers conferred by Sections 48 and 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby amends the vessel related charges, wharfage and other charges for fishing vessels in the Scale of Rates of the Visakhapatnam Port Trust, in accordance with the Order notified in the Gazette of India Extraordinary (Part III Section 4) on 4 June 2001 vide Gazette no. 143, as in the Order attached herewith.

(S. Sathyam)

Chairman

Case No.TAMP/103/99-VPT

O R D E R

(Passed on this 30th day of August 2001)

This Authority had passed an Order on 16 May 2001 relating to a general revision of the Scale of Rates of the Visakhapatnam Port Trust (VPT). This Order and the consolidated Scale of Rates of the VPT were notified in the Gazette of India Extraordinary (Part III Section 4) on 4 June 2001 vide Gazette No.143.

2. In the said Order, this Authority had approved a 100% tariff increase on all the charges applicable to fishing vessels. A uniform rate for all fishing vessels was approved based on such a grouping proposed by the VPT.

3. With reference to this Order, this Authority has received several representations from concerned user organisations associated with the fishery industry requesting for a review of the increases ordered. The main points made in their representations are summarised as follows:

Andhra Pradesh Mechanised Fishing Boat Operator's Association

(i). The Visakhapatnam Fish Harbour was constructed with funds given by the Ministry of Agriculture. It is a welfare scheme; it also helps the Indian Fish Projects. The poor fishermen contribute 60% of the marine exports.

(ii). Poor fishermen have been treated at par with businessmen like ship owners, agents, stevedores, etc., while fixing the Scale of Rates.

(iii). It has compared the pre-revised rates with the revised rates applicable to the fishing boats and has requested to consider the following:

(a). The Fishing boat enters the fish harbour many times in a month depending on the availability of fish. The levy of Port Dues on fishing boat is a new item in the revised Scale of rates; and, hence this item may be deleted or reduced to a minimum level.

(b). The berth hire charges have been increased from Rs. 230 to Rs. 2069/- per month per boat. This is very high compared to Rs. 300/- per month per boat levied at the Paradip Port Trust and Rs. 10/- per GRT per month levied at the Mumbai Port Trust.

(c). The revised berth hire charges prescribed on 8 hourly basis may be modified and levied with reference to the NRT on a daily basis or the rate per GRT may be reduced.

(d). The wharfage on fish landed through fishing boats has been increased by more than 20 times from Rs. 53.80 per month per boat to Rs.1075/- per month per vessel. The revised rate may be limited to twice the pre-revised rate or based on the NRT of the boat.

(e). The tariff prescribed on supply of bunkers to fishing trawlers and boats (Rs.10/- per k.l.) is a new item and may be deleted or reduced.

(f). The levy on bunkers to fishing trawlers/ boats collected by the HPCL for remittance to the VPT has been doubled from Re. 0.04 to Re 0.08 per litre. This is costlier compared to cost of the service provided by the private oil pump.

(g). The charges for supply of fresh water for mechanised fishing boat has been increased from Rs. 5/- per boat per day to Rs. 81.40 per 1000 lts. subject to a minimum of Rs. 422.20. Public drinking water for fishermen is very essential. Hence this item may be deleted or the pre-revised rates may be retained.

Association of Indian Fishery Industry (AIFI)

(i). The unilateral decision to increase the Port charges by 100% is unfair; it will definitely hamper the fishery industry which is earning valuable foreign exchange to our Nation.

(ii). The general hike in Port charges is only 10 to 15%, whereas Fish harbour service charges have been hiked by 100% without considering their plea during the joint hearing to restrict the increase at par with other charges.

(iii). The fishery industry is passing through very difficult times due to price hike in diesel oil, spare parts, and maintenance charges. Many vessels have been scrapped for non-viability of operations.

(iv). The Visakhapatnam Fish Harbour is a national asset created by the Ministry of Agriculture; and, hence, should not be clubbed with port services for purpose of fixing tariffs.

(v). The TAMP is requested to refix tariffs for fishery industry at pre-revised rates plus 15% as accepted by them during the joint hearing held on 8 December 2000.

4.1. These representations were forwarded to the VPT for its comments. In response, the VPT has furnished the following comments:

(i). In consonance with the policy of dispensing with cross- subsidisation, the port had taken a view to hike the charges for the fishing vessels by 100% to bridge the deficit of 239% reflected by the cost statement for the cost centre 'Fish Harbour'; and, also to arrest the flow of subsidy from commercial vessels to fishing vessels.

(ii). The port purchases water from the Municipal Corporation at industrial rates and supplying the same to the fishing vessels after adding 2% as incidentals; and, hence, the water charges were also hiked. The fishery industry was not comfortable with the rates for water supply. The VPT has, therefore, decided to stop supply of water and requested the fishing vessels to purchase water from private operators.

(iii). The mechanised boats, mini trawlers and big trawlers were grouped under one category while proposing the rates.

(iv). After careful examination of issues involved, it is felt that grouping of fishing boats having limited endurance and low cost with trawlers having high endurance and high cost is not at all logical. Further, the frequency of calls of mechanised boats is much more compared to the trawlers, which justifies having a relatively lower rate for mechanised boats. It is, therefore, felt appropriate to adopt different sets of rates for the different categories of vessels detailed below:

(a). Mechanised boats

(b). Mini fishing trawlers upto 14NRT (upto 22 GRT)

(c). Fishing Trawlers over 14 NRT (over 22 GRT).

4.2. In view of the severe crisis being faced by the fishery industry and due to un-remunerative prices in the international market, the VPT have also requested this Authority to take a sympathetic view and re-fix the tariffs for the mechanised boats.

5. In this regard, an officer level meeting was held on 14 September 2001. The VPT requested to retain the groupings prevailing in the pre-revised Scale of Rates. It has further submitted the following points:

(i). Mechanised fishing boats were not paying port dues earlier. The levy of Port Dues on mechanised fishing boats may, therefore, be deleted.

(ii). Port Dues on fishing trawlers may be prescribed on a monthly basis instead of 'per entry' basis keeping in view the difficulty in tracking the movement of the mechanised boats / trawlers.

(iii). Minimum charges for Pilotage fee, if such services are availed by mechanised fishing boats / trawlers, prescribed in the revised Scale of Rates, may be amended considering 100% hike on the pre-revised rates.

(iv). Berth hire charges for mechanised fishing boats are proposed to be retained on per-day basis considering the 100% hike over the pre-revised rates. With a view to simplify the billing and accounting systems, it is proposed to adopt monthly or daily rates for berth hire charges for the trawlers instead of prescribing rate for a 8-hour unit based on the GRT of the trawlers.

6. With reference to the totality of the information collected during the processing of this case and based on a collective application of mind, the following position emerges:

(i). The cost statement furnished by the VPT in the general revision case for the fish harbour activity indicated an average deficit of 239% for the financial years 2000-01 and 2001-02. It is to be noted in this context that even if no return on capital employed on this activity is allowed recognising the fact that the fish harbour was created by funds given by the Ministry of Agriculture, still the cost deficit for fish harbour activity is more than 100%. It is to be recognised that the entire capital required for development of fish harbour was not received as grant; the VPT had also invested its own funds in the project. To the extent of its contribution to the capital, the VPT can reasonably seek a return thereon. If this factor had also been considered, the level of increase in tariff allowed would have been much more than 100%. The tariff hike of 100% for the fish harbour activities was allowed in the revised Scale of Rates so as to at least cover the operational expenditure incurred by the VPT. This itself is a concession given to the fishing vessels and trawlers taking into consideration that they cannot bear the burden of 239% tariff hike reflected by the cost statement. That being so, there is no justification for reviewing the percentage of upward revision of tariff for fish harbour decided earlier.

(ii). Andhra Pradesh Mechanised Fishing Boats Operator's Association and the Association of Indian Fishery Industries (AIFI) have sent representations against the Port charges prescribed in the revised Scale of Rates for fishing boats. While considering their representation, it is observed that in the pre-revised Scale of Rates of the VPT, rates for fishing vessels were prescribed by grouping them into three categories viz., (a) mechanised fishing boats; (b) fishing trawlers (upto 14 NRT); and, (c) fishing trawlers (above 14 NRT). The VPT did not, however, propose to maintain this categorisation in its proposed Scale of Rates. In the general revision case the VPT had proposed a uniform tariff for all the categories of fishing vessels considering 100% hike on the pre-revised tariffs on fishing trawlers. As a result of this, the mechanised fishing boats have been unduly burdened with the tariff hikes applicable to fishing trawlers.

It is to be admitted that the clubbing of different categories of fishing vessels made for tariff purposes is an error, which missed an indepth scrutiny by this Authority while dealing with the general revision proposal. This had happened since the attention was engaged in other tariff items which were significant from the point of view of Port's revenue. Further, the representatives of the fishery industry who participated in the joint hearings had only argued against a 100% hike in tariffs; but, never brought out clearly the implications of clubbing of different categories of fishing vessels proposed by the VPT.

The VPT has also now indicated that clubbing of all the categories of fishing vessels for proposing the tariff is illogical. The VPT has also requested to maintain different sets of rates for different categories of fishing vessels. The categorisation now proposed by the VPT is the same as that was available in its pre-revised Scale of Rates.

This Authority finds that it will be logical and reasonable to reinstate the categorisation of fishing vessels that was available in the pre-revised Scale of Rates of the VPT. With the reinstatement of the categorisation of fishing vessels available earlier, the respective pre-revised rates are also to be revised by 100% for the reasons given in sub-para (i) above.

(iii). In the pre-revised Scale of Rates there was no clear provision to levy Port Dues on mechanised fishing boats. In the revised Scale of Rates, uniform rates of Port Dues were prescribed for all fishing vessels. As a consequence, mechanised fishing boats also came to be charged with Port Dues. It was not the intention of this Authority to introduce any new levy on mechanised fishing boats. This was an error caused by the clubbing of trawlers with mechanised fishing boats and prescribing a single tariff for all fishing vessels. The provision to levy Port Dues on mechanised fishing boats in the (revised) Scale of Rates of the VPT is, therefore, deleted.

The VPT has now proposed to fix a monthly rate of Port Dues for fishing trawlers instead of levying on a 'per GRT per entry' basis as prescribed in its Scale of Rates. Difficulties faced by the Port in tracking movement of mechanised fishing boats / trawlers are cited as the reasons for suggesting this modification. This Authority has allowed frequency of levying Port Dues on a per-entry basis in case of foreign-going vessels and once in 30 days in respect of coastal vessels in the case of many of the Port Trusts. In some Port Trusts, including the VPT, Port Dues are levied uniformly on a per-entry basis in the case of both foreign-going and coastal vessels. This being the accepted position, the request of the VPT does not merit consideration in the ordinary course. The difficulties expressed by the VPT in tracking movement of fishing trawlers may, however, be genuine for counting and billing purposes. Such difficulties may not be confined only with reference to billing of Port Dues. If it is faced with reference to Port Dues, it can reasonably be expected that such difficulties will be encountered with reference to other vessel-related charges also. To avoid such difficulties and to ensure proper accounting, it may be advisable for the VPT to adopt a lump-sum monthly tariff in the nature of a licence fee for using the fishing harbour instead of keeping different components of vessel-related charges. Subject to the understanding that the VPT will pursue further this advice and come up with an appropriate proposal therefor within three months, the proposal made now by it for a monthly rate of Port Dues is approved.

(iv). In line with the decision taken to consider a 100% increase over the pre-revised rates for mechanised boats and the fishing trawlers, the minimum pilotage fee is to be revised to US \$ 472.50 in the case of foreign-going fishing trawlers and Rs.15512.30 in the case of coastal fishing trawlers / mechanised fishing boats.

(v). This Authority has already passed an Order for common adoption by all the major Port Trusts to reduce the unit of berth hire charges from 24-hours to 8-hours. Accordingly, in the case of the VPT also, the unit of berth hire charges has been prescribed as 'GRT per 8-hour' and made applicable even in the cases of mechanised boats / fishing trawler. In the pre-revised Scale of Rates, berth hire charges for mechanised fishing boats were prescribed as lump-sum daily rates. In the case of fishing trawlers, these rates were, however, prescribed as lump-sum monthly rates. The VPT has now requested to prescribe berth hire charges on a 'per day' basis for fishing trawlers and mechanised fishing boats. This proposal is approved, eventhough it is not in line with the decision already taken by this Authority in this regard for common adoption by all the major

ports. This approval is accorded again subject to the understanding that the VPT will switch over to a consolidated lump-sum levy in respect of fishing vessels within three months from the date of notification of this order.

(vi). In the case of wharfage and shifting charges also, categorisation available in the pre-revised Scale of Rates is re-instated. The rates will, however, be increased by 100% over the applicable pre-revised tariffs.

(vii). It is relevant here to mention that the rates for coastal fishing trawlers in all these cases have been fixed with reference to the corresponding foreign-going vessels rates by allowing a concession of 30%, in line with the policy to extend concessions in Vessel Related Charges to coastal vessels. The classification of foreign-going and coastal vessels in respect of mechanised fishing boats is, however, not necessary as it is considered irrelevant.

(viii). In the pre-revised Scale of Rates, a rate of Rs. 4.80 per k.l. was prescribed for the services offered for supply of bunkers to the fishing trawlers only. In the revised Scale of rates the VPT proposed Rs. 10.00 per k.l. for this service in respect of all fishing vessels considering a 100% hike and rounding it off to the nearest rupee. In line with the decision taken now to reinstate the classification as per the pre-revised Scale of Rates, the words "fishing vessels" in the description of this tariff item is to be replaced with "fishing trawlers". The rate prescribed is also to be corrected as Rs. 9.60 per k.l. without rounding off to the nearest rupee.

The pre-revised Scale of Rates of the VPT prescribed a levy for supply of bunkers to fishing trawlers @ of Rs. 0.04 per litre which has been revised to Re. 0.08 per litre at the time of the last revision. The logic of continuance of this levy is not apparent. That being so, there is no reason to allow any increase in this tariff item. This Authority, therefore, decides to maintain the rate for this tariff item at the pre-revised level. The VPT is advised to review the necessity of continuance of this tariff item while formulating its proposal for consolidated charges for fishing boats / trawlers.

(ix). In the case of charges for supply of water also, mechanised fishing boats have been clubbed with fishing trawlers. Re-instating the categorisation obtaining in the pre-revised Scale of Rates does not appear to be necessary in this case. Water consumed by different categories of vessels being the same, there is no logic at all in having differentiation in the rates for supply of water. This assumes significance in the light of the VPT procuring water from the Municipal Corporation at industrial rates. The VPT has now mentioned that this service is uneconomical to it and there are various private operators supplying water. Further, the Port has reportedly already disconnected the pipelines and stopped supplying water at the fishing harbour. It is to be recognised that the decision to provide a service or not is for the Port Trust to take. In the instant case, since the service is not provided by the Port Trust, there is no meaning in keeping a tariff for such a non-existent service. That being so, the tariff item for supply of water to fishing vessels and mechanised boat is deleted.

(x). Insofar as dry docking charges at the fish harbour is concerned, the categorisation available in the pre-revised Scale of Rates has already been maintained in the revised Scale of Rates. Further, the rates has already been increased by 100% as applicable for all activities of the fish

harbour. That being so, there is no error in the rates prescribed for dry-docking charges at the fishing harbour.

(xi). As has already been mentioned, the VPT has indicated difficulties faced by it in tracking movement of fishing vessels / fishing trawlers due to their frequent movement. It is also to be recognised that the mechanised fishing boats generally are not equipped with any communication system, which will enable them to be in touch with the VPT. As has already been suggested, it is appropriate for the VPT to examine the feasibility of levying a consolidated charge in the form of a licence fee for use of the fishing harbour by boats and trawlers. It is needless to mention that, while working out such consolidated charges, care has to be taken to ensure the present level of revenue earned is protected. The VPT is advised to come up with a suitable proposal in this regard within three months.

7.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority decides to amend the Scale of Rates of the VPT as detailed in the Appendix.

7.2. Since these amendments are generally to remove the errors that occurred earlier due to clubbing of mechanised fishing boats and fishing trawlers, they shall come into effect retrospectively from the date of implementation of the Scale of Rates of the VPT notified in the Gazette on 4 June 2001.

7.3.1. The VPT is required to revise its Scale of Rates accordingly.

7.3.2. The VPT is also required to revise its billing also accordingly and refund the excess amounts collected, if any.

(S. Sathyam)

Chairman

APPENDIX

AMENDMENTS TO THE VPT SCALE OF RATES NOTIFIED IN THE GAZETTE ON 4 JUNE 2001

(i). The existing Sl. No. C. in Section 2.1. : Port Dues is deleted and substituted by the following:

SL. No.	Particulars	Unit	Rate per GRT		Frequency of payment in respect of the same vessel
			Foreign-going vessel (in US \$)	Coastal vessel (in Rs.)	
C.	(a).Fishing Trawlers (upto 14 NRT)	Per month per trawler	18.35	602.43	Per month

	(b).Fishing Trawlers (above 14 NRT)	Per month per trawler	39.65	1301.70	Per month
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(ii). The existing Sl. No. D: Schedule of Pilotage fees for Fishing vessels in Section 2.2. is amended as follows :

“If mechanised fishing boats/fishing trawlers require services of Port’s pilot for towing, then a consolidated Pilotage fees of US \$ 472.50 for foreign-going vessel and Rs.15,512.20 for coastal vessel shall be levied.”

(iii). The existing Sl. No. 3 in Section 2.3.5. : Berth Hire Charges for other services is deleted and substituted by the following :

SL.No.	Particulars	Unit	Rate	
			Foreign-going vessel (in US \$)	Coastal vessel (in Rs.)
3.	a). Mechanised fishing Boats	Per day or part thereof per boat	--	11.00
	b). Fishing trawlers (upto 14 NRT)	Per day or part thereof per trawler	3.17	104.07
	c). Fishing trawlers (over 14 NRT)	Per day or part thereof per trawler	4.76	156.27

(iv). The existing Sl. No. 4. in Section 2.4.1.: Schedule of Shifting Charges for vessels other than POL vessels is deleted and substituted by the following :

SL. No.	Description	Unit	Foreign-going vessel (in US \$)	Coastal vessel (in Rs.)
			With the usage of tugs	With the usage of tugs
4.	a). Fishing trawlers (upto 14 NRT)	Each operation	4.75	155.94

	b). Fishing trawlers (above 14 NRT)	Each operation	13.30	436.64
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(v). The existing Item Nos. 41, (c), (d), and (e), in Section 4.1. : Wharfage and Oversight Charges are deleted. New Item Nos. 42. (a), (b),(c), (d) and (e) are inserted as given below:

Item No.	Nomenclature		Unit	Rate (in Rs)
42.	(a).	Fish landed through mechanised fishing boats.	per month per boat	107.60
	(b).	Fish landed through mini fishing trawler (upto 14 NRT)	per month per trawler	540.00
	(c).	Fish landed through fishing trawler (above 14 NRT)	per month per trawler	1075
	(d).	Bunkers for fishing trawlers	per k.l.	9.60
	(e).	Levy on bunkers to fishing trawlers/mechanized fishing boats	per litre	0.04

(vi). The existing Item No. 3 in Section 8.1. : Charges for supply of water to vessels is deleted.

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