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TARIFF AUTHORITY FOR MAJOR PORTS

G. No. : 3

New Delhi , 12 January 2005

NOTIFICATION

In compliance of a policy direction issued by the Government of India under Section 111 of the Major Port Trusts Act, 1963 (38 of 1963) and in exercise of the powers conferred by Sections 48, 49 and 50 of the said Act, the Tariff Authority for Major Ports hereby amends the Scale of Rates of all major port trusts and private terminal operators to introduce concessional rates for coastal cargo / containers / vessels, as in the Order appended hereto.

(A.L. Bongirwar)
Chairman

Tariff Authority for Major Ports
No. TAMP/4/2004 – Genl.

ORDER

(Passed on this 7th day of January 2005)

The Government of India in the Ministry of Shipping, Road Transport and Highways vide its communication No.PR-14019/29/2001-PG dated 01 January 2005 has issued a policy direction to this Authority under Section 111 of the MPT Act, 1963 to prescribe concessional rates for coastal cargo / containers / vessels related charges levied at all major port trusts and private operators authorized under section 42(3) of the Act.

2.1. The Government is of the view that to encourage coastal shipping in the country, there is a need to reduce vessel related charges for coastal vessels and cargo / container related charges for coastal cargo / containers. The Government has, therefore, decided that the vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels. It has also been decided that the cargo/container related charges for all coastal cargo/containers, other than thermal coal and POL including crude oil, should not exceed 60% of the normal cargo/container related charges. Further, these charges should be denominated and collected in Indian Rupees only. The scheme is introduced on a Pilot basis for a period of two years after which a review will be carried out.

2.2. Accordingly, this Authority is directed to prescribe immediately the coastal vessel related charges and coastal cargo/container related charges levied at all major port trusts and private operators authorized under section 42(3) of the Act.

3. The direction has been issued after obtaining the views of this Authority, as required under the relevant provisions of the Act. While issuing the aforesaid policy direction, the Government has also clarified various points as given hereinunder:

- (i). Since the concessions prescribed are floor levels, the existing charges for coastal vessels need not be immediately increased to the maximum level, if such rates are already less than 60% of the foreign-going vessel rates.
- (ii). The coastal rates will not automatically increase on account of exchange rate variations. They are to be delinked from dollar denominated rates, if any, prescribed for other categories of vessels/containers. Restatement of coastal rates with reference to prevailing exchange rate at the time of each general revision of Scale of Rates should not be resorted to. But, the minimum concessions as envisaged by this policy should be ensured.
- (iii). In case of cargo related charges, the concession should be allowed on all the relevant handling charges for ship-shore transfer and transfer from quay to storage yard including wharfage.
- (iv). The concession will encompass container related charges also. In this case, it is to be extended on the box rate, wherever such tariff structure is followed. Where itemized charges are levied, the concession will be on all the relevant handling charges for ship-shore transfer and transfer from quay to storage yard as well as wharfage on cargo and containers.
- (v). For the purpose of this concession, cargo/container from a foreign port which reaches an Indian Port 'A' for subsequent transshipment to Indian Port 'B' will also qualify insofar as the charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.
- (vi). In the example given above, the concession envisaged does not apply to the operations of loading/unloading on arrival/departure from/to a foreign port. Concessional cargo/container related charges will be levied only for handling the consignment in related to its coastal voyage.

- (vii). Status of a vessel as borne out by its certification issued by Director General of Shipping is the relevant factor for deciding whether the vessel is 'foreign-going' or 'coastal'. Foreign going vessels permitted to undertake coastal voyages and the cargo/container carried by them will also qualify for the concession in respect of such permissible voyages.
4. Since the policy direction requires immediate compliance and notification of individual Scale of Rates of all the major port trusts and private terminal operators by this Authority will be time consuming, it is considered appropriate to insert the policy direction in the form of general conditionalities in the existing Scale of Rates of the major port trusts and private terminal operators. During the next regulatory review of the Scale of Rates at the respective ports, separate coastal cargo/container/vessel related charges will be prescribed in line with the policy direction in the revised Scale of Rates. Till such time, the existing relevant rates are to be levied subject to the general conditionalities being introduced now in the Scale of Rates.
5. Subject to the clarifications given by the Government as listed under para 3 above, this Authority amends the Scale of Rates of all the major port trusts and private terminal operators to insert the following general conditionalities therein:
- “1. The vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels,
- 2.1. The cargo /container related charges for all coastal cargo/containers, other than thermal coal and POL including crude oil, should not exceed 60% of the normal cargo/container related charges.
- 2.2. In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from/to quay to/from storage yard including wharfage.
- 2.3. In case of container related charges, the concession is applicable on composite box rate. Where itemized charges are levied, the concession will be on all the relevant charges for ship-shore transfer, and transfer from/to quay to/from storage yard as well as wharfage on cargo and containers.
3. The charges for coastal cargo/containers/vessels shall be denominated and collected in Indian Rupee.”
6. If any of the existing rate and/or conditionality prescribed in the Scale of Rates is found to be not in line with the policy direction of the Government, they shall stand modified in terms of the conditionalities prescribed above.
- 7.1. In case of dollar denominated tariff items for vessel/container related charges, the applicable exchange rate prevailing on 1 February 2005 should be applied to arrive at the corresponding charges in Indian Rupee on which the prescribed concession should be allowed for coastal vessels/containers.
- 7.2. The existing rates for coastal vessels shall not undergo any upward revision immediately due to implementation of the policy direction, if such rates are already less than 60% of the foreign-going vessel rates.
8. All the major port trusts and private terminal operators are directed to amend their Scale of Rates accordingly.
9. Recognising the lead time required for implementation by ports / terminals, the amended provisions for coastal cargo / vessels / containers ordered herein above shall come into effect from 1 February 2005.

(A.L. Bongirwar)
Chairman