Annexure III

INLAND IMPORTERS & CONSUMERS ASSOCIATION

METAL RECYCLERS OF NORTH INDIA
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04.01.2016

Ministry of Shipping,
Transport Bhavan, 1 Parliament Street,
New Delhi-110001

Attn: Shri Abhinav Gupta (Deputy Secretary)

Please refer to our meeting in your goods office of 21st December 2015.

As discussed in the above referenced meeting we would like to bring into your notice the gross malpractices being suffered by the members of our association and many other consumers at the hands of all those Sea Containers Shipping Lines (whether VOCC or NVOCC) in the absence of any regulation or law.

We also refer you to representations made by MRAI (Metal Recycling Association of India) dated 18th February and 21st December 2015. Please also recall your desire to see some "evidences".

We present the following text and enclosures as addendum to the representation of MRAI dated 21st December 2015 as explanation/evidences for your perusal:-

1) Exorbitant Inland haulage charges

The container movement from sea port to destination local port is done by CONCOR/Other Train operators but the charges for Inland Haulage are exorbitantly high as compared to the charges borne by them even the Train Operators published Tariff.

For example CONCOR's published tariff of Inland haulage charges for 20/40 ft. Dry container for weight slab 20-26 Mt only 37550/52250 (herein enclosed as Annexure 1.1) while Maersk Line charges Rs. 78685/ Rs. 125,000 for 20ft/ 40ft (herein enclosed as 1.2). Similarly MSc and other lines are also charging similar amounts (herein enclosed as 1.3 and 1.4).

A table is mentioned below for your perusal.

MUNDRA Port – ICD DADRI IHC Charges

CONTAINER SIZE	WEIGHT SLAB	CONCOR CHARGE	MAERSK LINE CHARGE	MSC CHARGE	CMA CGM Charge
20 FT DRY	20-26 MT	37550	78685	82251	77976
40 Ft DRY	20-26 MT	52250	125000	110000	108000

To hide these charges importers are charged full 14.5% service tax on the total invoice thus denying them the benefit of 70% service tax exemption vide notification 26/2012 Ministry of Finance enclosed here with as 1.5

2) **Container Detention Charges (CDC):**

For the sake of case study, we take shipments arriving from European ports. The voyage approximately is 23 days to 40 days one way and if you consider 14 days free time, then time taken to make a complete to and fro movement is approximately 90 days. In this voyage the resources of shipping companies such as ships, bunker and other infrastructural cost etc. are also used/ utilized/ incurred.

Also consider the cost of the new Sea container as approximately US$ 2500 per 20ft container and about US$ 4000 for 40ft container and container carrying scrap are never new containers.

I present below the sea freights of 2 different lines from Antwerp to Mundra at US$ 250- US$ 750 for 20ft container and US$ 150 for movement Mundra to Antwerp as annexure 2.1 and 2.2 respectively. Thus having net revenue of US$ 400- US$ 900 for 3 months utilizing bunker and all resources.

Then how can the CDC be US$ 912 –US$ 1200 per going a mere 14 days more. Please see the schedule of CDC and MSC and MAERSK as annexure 2.3 and 2.4 respectively.

If the container is stranded for some customs delays or procedural delays or delays owing to documentation at the hands of importer/consignee for say 30 days more than 14 free day stipulated the CDC amounts to US$ approximately US$ 3000 which is more than the cost of the container. I present below invoices of MAERSK, MSC, EVERGREEN and SCI varying from US$ 1100 to US$ 5000 approximately as annexure 2.5.

To add salt to the injury the CDC is quoted in US$ and the CDC is collected at absurd/farcical exchange rate placed as evidence as annexure 2.6.

Thus clearly the lines are penalizing the delay and how can the lines cartelize the penalties by charging same or similar penalties.

Also can there be cartelization in penalties?

3) **Change of Destination Charges (COD):**

If the bill of lading once issued is stated for one final destination, say ICD Loni and the consignee requests the line to change the Final destination from ICD Loni to ICD Dadri the COD charges of Rs 20,000 to 40,000 are levied even when the containers have not arrived in Indian waters and no IGM is filed.

It should not be more than US$ 25 charged as B/l fee at the load port for issuance of a fresh b/l.

We present below evidence of 2 cases where in the members of association have approached the Containers lines MSC and MAERSK which have asked for US$ 600 and US$ 300 respectively as Annexure 3.1 and 3.2 respectively.

4) **Terminal Handling charges at Destination**

As mentioned in the Schedule of Charges of CONCOR/World Window (the container carriers at ICD Dadri/TKD and ICD Loni respectively as annexure 4.1 and 4.2). The THC charged by port custodians are varying from 2500-3000 per 20ft container depending on custodian whether CONCOR or "World Window"..

You may notice that is varies from Rs. 0 to 4365 to 7460 to 10,300 depending upon from Container lines enclosed herewith as annexure 4.3

Beside even if the lines have to charge THC how can it be different for different lines when it is the published charge by custodian.

5) **'Delivery Order" charges**

The Container lines charge Rs 4000-Rs 5000 as delivery order (DO) charges for issuing the DO in favor of the port custodian, here in annexed as annexure 5.1. When we present the original B/L to lines and the inland haulages charges as demanded, then why should they charge DO charges. It is in fact a procedure allowing the imports/receivers to take delivery.

Also please refer to Annexure 1. 1. The B/L issuance fee is already suffered at the time of load port. Then why should there be a DO charges.

If the importer is not able to pick up the container in 30 days a late DO fee of Rs. 1200 to 2000 is absurdly charged over and above the CDC charges and usual DO fee placed as evidence 5.9.

6) **IGM Manifest charges**

As again mentioned in 5) above the B/l fee was charged at the load port. Then as per Indian laws the Shipping lines are mandated to file IGM prior arrival of the vessel in Indian waters which is electronically filed through EDI.

Why should then there be charges per container as IGM Manifest charges of Rs 2000-Rs 4000 which again is charged by some lines and some do not charge the same as herein attached at annexure 6.1 and 6.2 respectively.

7) **Washing Charges or Cleaning Charges**

The most of the scrap imported is clean as per law. The container is emptied at the receiver's site. The washing charges of Rs 1000-4000 are levied enclosed as Annexure 7.1 to 7.3. Furthermore, the container cleaning/washing charges are charges even if the containers are delivered in washed condition.

Principally, when the line is accepting the Commodity 'Scrap' then the same should not be levied on the receiver.

The evidence is placed for your perusal as Annexure 7.4-7.5 a schedule of charges of M/s Will Marine Container Services P Ltd, wherein the cleanings charges are stated to be from Rs 50 to Rs 300 for 20 ft container that are charged to Shipping lines.

8) Empty Repo Charges

These charges are charged to reposition the empty container after emptying the imported cargo if the line is not able to find export cargo at the ICD of import. The costs vary from Rs 2000 to 10,000 as per annexure 8.1- 8.5

These charges are not stated at the time of booking of the container. They are imposed at the will of the line at the time of taking delivery order.

If the line is not able to find export cargo from the destination then why they should agree to the delivery of the imported cargo at such destination. Besides the same should be mentioned on the B/l itself at the time of issuance. Again some lines charge these charges and some don't.

9) **Port Congestion Charges (PCC)**

Some lines charge PCC of Rs 797- 9570 as per annexure 9.1 to 9.5

These lines mostly bring cargo from Far East and Middle East destinations. The voyage times are barely 5-10 days. It is very rare the port situation charges in such a short period of time. If the shipping lines know about the congestion at discharge port before the cargo is shipped, then the same should be a part of sea freight and not imposed at the time of import.

Certain shipping lines charges PCC for years on end.

10) **Empty return at different ports**

The containers imported at one ICD are forced by lines to "empty return" the container at a designated empty yard near a different ICD, involving cost of extra trucking (as truckers, instead of charging 2 way movement, charges 3 way movement) and involving extra toll charges and extra detention charges.

Many a times the trucks on which the imported cargo is loaded do not have road permit to enter requested state (for e.g. container imported at ICD TKD (New Delhi) will be request to be empty returned at ICD Ballabhgarh (Harayana) or ICD Dadri (UP state permit). The evidence is annexed as Annexure 10.1-10.6

If the importers refuse to unload of different sites then separate charges are levied.

11) **Container Damage Charges:**

We present below as evidence of phenomenal Container damage charges (even in cases of patched floors our members have suffered costs of changing complete floors 1ft by 3ft damages) as evidence Annexure 11.1, 11.2.

These charges are levied, in spite of "Fixed Repair Charges"/Container Maintenance Charge varying from Rs.600-2500 levied by the Shipping lines even if there is a damage or not. The same is presented as evidence as Annexure 11.3.

12) **Lines not accepting free days:** We produce as Annexure 12.1 cases where the free days were granted by load port by means of a certificate but the same was denied. Refund and other costs are still awaited which is clearly a case of cheating. Complaints with designated Police Station are filed in vain.

13) **High Sea Charges:** We produce as Annexure 13.1, 13.2 & 13.3 where shipping lines charge High Sea Sale charge which is quite absurd. What cost are they incurring when a importer effects a high seas sale as per policy. There is no extra movement, nor extra documentation that line has to undertake.

14) Absurd charges in different headings

Some of them are:-
"Lolo Charges"
"Cost Recovery'charges"
Survey Charges
"DET"

They are enclosed as evidence 14.1-14.6

Prayer:
Since the amounts per b/l may be trivial to approach the court/consumers court along with multiplicity of number of cases and also the limited ability legal professionals, including the judges, to devote so much time to understand minute shipping movement, procedures and documentation, we are left no option but to approach our elected Government and therefore your good offices for help.

We also shall like to bring into your notice a Notification by Government of Srilanka annexed herein as annexure 15.1 where it is understood that they have quantified most of the "leviable charges".

Hence we request you to kindly:-

1) Depute an officer or appoint a committee from MOS to actively pursue, pressurise, issue notices and use all those measures you deem fit to stop these malpractices.

2) Prepare a list of heads of leviable charges that the Ministry think are justifiable.

3) Prepare a schedule of quantum of "Other" charges leviable (other than inland haulage charges Like detentions, IGM charges, DO).

4) The Importers/receivers may be allowed to pay Inland haulage to Train Operators as in case of Exporters as per circular 70% service tax exemption vide notification 26/2012, Ministry of Finance.

5) All port charges should be paid directly to the port authorities/custodians by the receiver's/ importers.

6) Help frame basic rules, some of which are and not limiting to (i) empty return ports and cost re-imbursement, (ii) Schedule of holidays & delivery order processing times; (iii) "redressal of grievances" procedures (lines likes MAERSK allow only "chat" for redressal, no addresses are stated; (iv) Empty return hours (truck movements are restricted by local laws between certain hours); (v) "Other charges" be specified at the time of issuance of B/l).

I shall like to remind you that the one of main purposes of establishing the ICD's were to facilitate Import and Export Trade to all inland consumers/processors/industries, for whom, it was not possible to clear goods at main ports and also the benefit of cheaper rail logistic costs be made available to them.

The malpractices by Shipping lines have obliterated the very purpose of ICD's (in the import recycle), as the logistic cost of raw materials is being prohibitively expensive, thus eroding their ability to compete. Please note that truck fare for Mundra-factory location in NCR is far less than the container freight.

Please note that the sums collected by the shipping lines, through the above stated malpractices, are remitted abroad, in foreign exchange, to the principals.

We stand at your disposal at all times for any documentary evidence or any discussion you may require to further our cause.

Thanking You,
Yours faithfully,
For INLAND IMPORTERS AND CONSUMERS ASSOCIATION

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