

# NAROTTAM MORARJEE INSTITUTE OF SHIPPING

MUMBAI

Examination :- First Year FIRST YR./ FINAL YR./ ASSOCIATESHIP / FELLOWSHIP

Month July Year 2025 TOTAL MARKS

Subject Shipping Practice Theory

| Q | 1                | 2  | 3  | 4  | 5 | 6 | 7  | 8 | 9 | 10 | 11 | 12 | Total            |
|---|------------------|----|----|----|---|---|----|---|---|----|----|----|------------------|
| M | <del>16</del> 15 | 15 | 15 | 14 |   |   | 13 |   |   |    |    |    | <del>16</del> 13 |

WRITE BELOW

Ans- Q

a) Notice of Readiness

Notice of Readiness is issued by the Master to the charterers to inform that ship is ready to load the cargo. In which master ensures that vessel got all the clearance from various department. i.e Customs, ✓ Maritime health declaration etc. If there is any delay from the end of ✓ charterers to load the cargo they have to demurrage charges in case of voyage charter party. In voyage

charterer party loading the cargo scope in charterers end. On the basis of Notice of Readiness if there is delay in connecting hoses from port site to ship, maintaining temperature on and any port issues which leads to delay in loading of cargo will calculated & on this basis in time sheet, statement of facts must record of every minutes of ship procedures until the ship will depart from the port. This concept follow in voyage charter party in which all fixed on standing charges in shipowner end and loading of cargo in voyage charter free in and out cases in which loading under the scope of charterers.

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### b) Statement of facts

Statement of facts must be prepared by shipowner agent in which he/she records all the movement of ships from entering to leaving the ship from the port.

They must record the timing of ship

Arrive at port, Anchorage, Pilot

on board, Custom clearance, Clearance by

Maritime health officers, when ship

beach at port, commence their loading

and Unloading operations, Port clearance

etc. All records must be maintain by

Port Agent and Sent immediately after

the vessel sail from the port, to

the owner. On the basis of

Statement of facts & consideration on

records of statement of facts must maintain the fine sheets. It will be helpful for both the parties either the shipowner and charterers to check all the records of ship to avoid the conflicts between them.

The parties must ensure that calculations of any penalties, demurrage, dispatch must be checked through statement of facts and to ensure proper or fine deal must be maintained.

✓ It involves huge cost of amount when ship arrives at any port so it must record all the transactions from entering to leaving the ports.

### (1) Proforma Invoice

Proforma Invoice is a document  
prepare by the

### (2) Shipping Bill

Shipping Bill is a proof that the  
export shipment is custom cleared  
& ready to move for on board  
the vessel. without the shipping

Bill not any shipment will load on  
the vessel. the shipment must be

clearance by custom house agent  
through the Govt. portal and

ensures the shippers to cleared  
their shipment from customs

department. The letter in shipping

Bill records the shipper, consignee,

Notify, Marks & Nos, Duty calculations

RODTEP Scheme avail / or not, Goods

raised in GST or LUT. All the

records in which shipper prepare the

tax invoiced raise Commercial Invoice

by the shipper. There must be match

the shipping Bill as per the shipper

Tax Invoice or Invoice. Before the

Ship arrival the goods must be

✓ cleared from CHA agents without this

ship will not load any export

shipments and your cargo will

not sail by the Port. Debit in shipping Bill

leads to penalties bear by the shipper. Also the

shipping Bill important document check by the

Bank in LC, CAD shipments and also for Advance payments.

### e) Letter of Protest

Letter of protest issued by the Master of the vessel when things will happen on time or delay in procedures related to ship activities. In which Master is not satisfied either by the port Authorities. ✓  
Charterers agent related activities.

This will show the Master Aggression in delay in loading

& Unloading operations etc.

When letter of protest issued each protest must be in record of statement of facts to avoid conflict of charter party

Contract. The below are various reasons in which master issues the letter of protest

- Delay in loading & unloading operation
- mismatch in shipowner and charterer BL Quantity.
- Delay in Berthing
- Delay in Port operations
- Delay in Port connecting hoses in liquid Bulk shipment.
- Mismatch in quantity of shipowner and Barges

The above are the various occasions in which master issue letter of Protest in COMPANY LETTERHEAD to

inform that there is delay in operations either by the charterer agent, Port Authority or any other Authority which leads to

Ship more stay in port and must calculate

the demurrage charges under the terms of charter Party Contract.

Letter of Protest



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WRITE BELOW

Ans-3.A)

- i) LCL - Less Container Load ✓
- ii) FCL - Full Container Load ✓
- iii) MTO - Multimodal Transport Operator ✓
- iv) CFS - Container Freight Station ✓
- v) BIMCO - Baltic and International Maritime Council ✓
- vi) IMO - International Maritime Organisation ✓
- vii) ETA - Estimate Time of Arrival ✓
- viii) MTY - Multimodal Transport ✗
- ix) VTMS - Vessel Traffic Management System ✓
- x) VLCC - Very Large Crude Carrier ✓
- xi) WTO - World Trade Organisation ✓
- xii) TEU - Twenty feet equivalent Unit ✓

5.5

B/  
1) "VTMS" The need of vessel traffic management

there is increase in Marine traffic in which

port have nos of vessels will move

out for various reasons either for

loading, Unloading, repair and maintenance,

Brokerings etc. VTMS used in various

ports in which traffic of vessels is

Very large in nos. of transactions.

They will record either the ship enters

the approach channel, Pilot boarding the

vessel and instructs the Master to

in and out in channel, the pilot must

follow the instructions from Vessel

traffic management team in Port

Access. VTMS is a radio based

System in which vessel follow the

Instructions by the VTMS Team. Below are the features of VTMS.

- 1) In and out of vessel from Approach channel
- 2) ~~vessel~~ vessel Anchoring at designated Area
- 3) Port Information System
- 4) Rescue Management ✓
- 5) Disaster Control

There are various beneficiaries which use VTMS system such as example of Mumbai Port India

- Mumbai Port Trust
- Jawaharlal Nehru Port Trust
- Custom Authority
- Indian Navy
- Indian Coast Guard
- Local Patrolling Police ✓

VTMS system is well advanced and efficient to <sup>operate their</sup> operations in port access facilities. In various

major ports such as Singapore, Shanghai, Rotterdam, Houston, which have numerous nos of vessels traffic in port access have avail VTMS to operate their operations efficiently & to manage any disaster.

## 2) Incoterms

Incoterms is issued by the International Chamber of Commerce in which specify each roles and responsibilities of exporter, importer and shipping roles.

In which details described the responsibilities related to cargo movement from Packing Room Exporter Warehouse to Importer Warehouse.

All the charges to exporter and importer who will bear the charges at which stage will define in Incoterms. The

latest Incoterms 2020 issued by the ICC which headquarters at France, Paris.

This avoid conflict between the exporter of importer and clears all the charges who will <sup>bear</sup> it at what stage. Below are

the table described - In shipping <sup>by sea</sup> Incoterms we use FAS, FOB, CFR, CIF.

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WRITE BELOW

| Charges                                                | EX-Works | FCA | FAS | FOB | CFR | CPT | CIF |
|--------------------------------------------------------|----------|-----|-----|-----|-----|-----|-----|
| Material & Packing                                     | S        | S   | S   | S   | S   | S   | S   |
| Local transport to port & origin port handling charges | B        | S   | S   | S   | S   | S   | S   |
| Freight to port                                        | B        | S   | S   | S   | S   | S   | S   |
| Loading on carriage                                    | B        | B   | B   | B   | B   | B   | B   |
| Freight of Documentation                               | B        | B   | B   | B   | B   | B   | B   |
| Destination terminal handling charges                  | B        | B   | B   | B   | B   | B   | B   |
| Cost, Insurance & Freight                              | B        | B   | B   | B   | B   | B   | B   |
| S - Seller                                             |          |     |     |     |     |     |     |
| B - Buyer                                              |          |     |     |     |     |     |     |
| FCA - Free Carrier                                     |          |     |     |     |     |     |     |
| FAS - Free Alongside Ship                              |          |     |     |     |     |     |     |

FOB - Free on Board

CFR - cost & Freight

CPT - Carriage Paid to

CIF - Cost, Insurance & Freight

3) Shipped on board

Shipped on board Bill of Lading when cargo loaded on the ship and the carrier must inform the concerned party that their cargo will be loaded on board and issue Bill of Lading stating the date in BL description column.

The SOB Bill of Lading is a important document in shipping which states that the receipt of cargo, Document of title to goods, Evidence of contract of carriage which states that shipper handover the cargo and Master/Shipowner Agent states that the goods received and loading on board the vessel issue the Shipped on Board Bill of Lading. Without the SOB BL there is no proof that the vessel will sail on ship on NoI. In Major Shipping companies

have their portal access to show the containers loaded on vessel and will sail on this date. Below are the list of few items mentioned on the Bill of Lading.

- a) Consignee - Mandatory column in BL which defines the shipper of Goods.
- b) Consignee/Notify - It defines the Importer of the shipments. When shipment moves through LC in Consignee column shows the TO ORDER either the name of party of importer. In Notify column shows the Consignee or Consignee agent who clears the cargo at Port.
- c) Freight terms. In each & every BL mentioned who will pay the freight for this shipment.  
Freight Prepaid - Paid by the shipper.  
Freight collect - Paid by the Consignee
- d) Port of Loading & departure. It states the name of Loading/Exporting port & discharge/Importing country name of port.
- e) Description. It describes the cargo details and must show the HS code, or any other details which is mandatory in Importing country.

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Ans. 4.

A) Shipbroker is an agent which performs roles and responsibilities either by the Shipowner and the charterers. The shipping operations either in water transport and land shipping must need the shipbrokers.

Below are the various shipbroker as-

- a) Shipowner Broker  
Shipowner Broker finds the cargo for the vessel. He follows the shipowner instructions to find suitable cargo to match the ship location.
- b) Charterer Broker  
Charterers Broker find the vessel suitable for their cargo. CB links with various shipowner or shipbroker to find the vessel to load the cargo & discharge as per the requirement of shippers.
- c) Exclusive shipbroker  
This is the shipowner only agent who knows the vessel location and find the cargo for him. He is the single sole agent/broker of ship owner.

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**WRITE BELOW**

d) Coasting Broker

Coasting Broker will perform both the vessel and cargo for only coastal regions.

e) Competitive Broker

Competitive Broker includes the exclusive broker to find the cargo and to compete with him.

f) Cable Broker

Cable Broker guides both the shipowner and broker and charter broker for market trends, innovations and future development in shipping.

The principal function of shipbrokers to

find the cargo or to find the vessel for

Suitable cargo either they perform roles and

responsibilities on shipowner side or charter

end. In Trip Voyage charters have majority involved

and get the higher margins.

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B) There is no need to shipowner enter their vessels with a Classification Society, they enter their vessels with a Classification Society only to class their vessels.

On the basis of classed shipped. It will get various advantages in Market as below.

- Being a classed shipped they will get finance by the Banks or financial Institution.
- Being a classed shipped shipowner approached the country to register their vessel in that country. Being choosing a Flag of the vessel its most important that shipowner fulfill all the requirements of the country. The various services offered by Classification Society as below
- Publish & develop rules of Construction

- Publish rules for strengthening the vessel.
- Periodic Survey of the vessel.
- employ the Surveyors will ship built in shipbuilding yard.
- Tonnage Measurement ✓
- Research & developments

## Dual classification

Dual classification is in which vessel pertain two classification society. For example a vessel may classed from the Indian Register of Shipping and second class is Bureau Veritas. This will happen because in some countries must pertain a well classed society IRS because full member of IACS in 2010, being India is an associate member of IACS

It is not Mandatory that vessel is dual classed,

✓ some vessels are single classed by IRS also,

it accepts in International trade. Now India is

✓ ~~not~~ a full member of IACS and pertain full status of classification society.

Ans-1 2 Types of Non-Demise charters.

a) Voyage Charter

b) Time Charter

a) Voyage Charter

When ship carries the specified cargo from

loading port to discharging port. In

which the freight calculate on per ton

ton basis. The freight is fully depend

on the market conditions of demand &

Supply. The ship brokers mostly engaged

in voyage charter contract they will

get the high margins. In Voyage

Charter party must attain the estimate

arrival date and time of loading port.

The freight must be calculate on per ton

basis. It Also there is consecutive Voyage charter

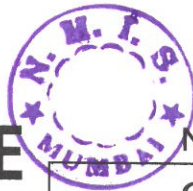
in which series of <sup>specific</sup> vessels employed

to perform the contracts. In consecutive

Voyage charter will deal in project

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**WRITE BELOW**

based shipment. The duration of contract is less as compared to contract of Affreightment.

There is fixed costs involved due to

Specific vessels will perform the contract

and load the cargo. AUSWHEAT, OREVOY,

INTERTANK VOY, SHELLVOY are some BIMCO Voyage contracts

Time charter

Charterer hires the vessel for a specific

period of time instead of paying freight

\$ on per ton basis they will <sup>pay</sup> freight

on per day or monthly basis. The

Vessel hires for 2-3 years. In which

Shipowner pays the Vessel ~~Standing~~ or

Indirect operating cost of the vessel

it includes the Depreciation, Capital,

and Management Overhead costs which include the spares parts, Marine Superintendent which includes the nautical and Navigation equipment costs. The Direct operating charges include the cargo related costs in which Damage, Container related costs, loading & Unloading costs. and the Voyage related costs which includes the Port charges, Bunkering and Canal charges paid by the charterer in Time charter. All the terms & conditions related to charter party included in contract.

✓ ✓ BIMCO offers a standard contract for time charter as below.

Time Charter BALTIME - For Dry Cargo  
SHELLTIME Shell liquid cargo  
INTERTANKTIME - liquid shipowners association  
NYPE - For liner/containers cargo  
LINERTIME - For container cargo contract

| EXPENSES                       | VOYAGE CHARTER                                                            | TIME CHARTER           |
|--------------------------------|---------------------------------------------------------------------------|------------------------|
| Depreciation Capital           | Shipowner                                                                 | Shipowner              |
| Insurance Hull & machinery     | Shipowner                                                                 | Shipowner              |
| Classification Society         | Shipowner                                                                 | Shipowner              |
| Repair & maintenance           | Shipowner                                                                 | Shipowner              |
| Crew hire wages                | Shipowner                                                                 | Shipowner              |
| Lube Oil                       | Shipowner                                                                 | Shipowner              |
| Fresh water                    | Shipowner                                                                 | Charterer or shipowner |
| Banking                        | Shipowner or charterer                                                    | Charterer              |
| Loading & unloading            | Shipowner                                                                 | Charterer              |
| Changes                        | Shipowner                                                                 | Charterer              |
| Port dues                      | Shipowner                                                                 | Charterer              |
| Cancel charges                 | Shipowner                                                                 | Charterer              |
| Under the voyage charter party | Free in and out basis charterer will pay the loading & unloading charges. |                        |

Ans-7

Mandatory Papers the ship must carry

- Maritime Declaration of Health
- Ship Certificate of Registry
- Ship Articles
- Manifest
- Charter Party
- Bill of Lading
- Tonnage measurement
- ✓ Statutory Certificates - SOLAS, MARPOL, STCW, MLC.

SOLAS Safety of Life at Sea

MARPOL - Marine ship pollution from Sea

STCW - Standards Training, Certification of Watchkeeping.

MLC - Maritime Labour Convention.

Procedure on Arrival of ships

Firstly the Port Health officer visit the ship and on board inspect the health condition of crew, Master and Passengers. They will

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**WRITE BELOW**

check the documents and interrogate any crew for health. After Satisfaction health officer will issue free Pratique. After that the customs officer will inspect the vessel. When ship cleared one will apply for pilot and to berth the vessel. when vessel berths below are some documents which are checked by authorities

Manifest

Cargo declaration

crew list

Passenger list

Ship Articles

Arms list

After checking documents Master will Notify Notice of Readiness and pursue for loading cargo and Unload the cargo.

Procedure for departure of ships

The Port Agent must ~~also~~ ~~the~~

Submit the declaration of manifest

for Inward and Outward of

Cargo and Affairs Bill of Entry against the

goods. The must must paid the port

dues and obtain clearance from

various department including Customs.

After that it apply for Port

clearance and after get the Receipt of

port dues paid and permission from

authorities for leaving the port they

will apply for pilotage.

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