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**UNIVERSITY OF PETROLEUM & ENERGY STUDIES  
DEHRADUN**

Final Exam: Dec 2018  
Program/course: MBA PSM  
Subject: SHIP AGENCY MANAGEMENT  
Code : TRPS 8002

Semester – III  
Max. Marks- : 100  
Duration: 3 Hrs.

**No. of page/s: 3**

<b>Section A</b>	
<b>Q 1</b>	Please answer all questions briefly (each carries two marks): <b>Total Marks: 20</b>

<b>Sr.</b>	<b>Question</b>	<b>Marks</b>	<b>CO</b>
a)	Who is a Principal?	<b>2</b>	<b>CO 1</b>
b)	Act that is applied to Agency Operations in India – Indian Contract Act OR MPT Act?	<b>2</b>	<b>CO 2</b>
c)	What is ON-HIRE survey?	<b>2</b>	<b>CO 1</b>
d)	Garbage clearance from ships is free – TRUE OR FALSE?	<b>2</b>	<b>CO 1</b>
e)	Freight is always collected by agents – TRUE OR FALSE?	<b>2</b>	<b>CO 2</b>
f)	Shipping companies must hire agents in different countries – TRUE /FALSE?	<b>2</b>	<b>CO 1</b>
g)	For damage to cargo in while on voyage ship agent is responsible - TRUE /FALSE?	<b>2</b>	<b>CO 2</b>
h)	Who appoints 'stevedores' – shipping company OR ship agents?	<b>2</b>	<b>CO 1</b>
i)	Weighment of all export containers is a must for container vessels - TRUE /FALSE?	<b>2</b>	<b>CO 1</b>
j)	Bill of Lading is always signed by the Chief Officer– TRUE or FALSE?	<b>2</b>	<b>CO 2</b>

**Section B**

**Q 2. Please answer 5 questions out of 7 questions: Total Marks – 20**

Sr.	Question	Marks	CO
a)	How is charterer's agents different from the general agents?	4	CO 2
b)	Draft a "note of protest" for being unable to work on bad-weather.	4	CO 3
c)	Why do we need an OPA (owners' protecting agent)?	4	CO 2
d)	Elaborate on the qualities of a good shipping agent?	4	CO 3
e)	Explain rationale of creation of PDA & FDA.	4	CO 2
f)	Explain the need of Initial & Final Draft survey? Which kind of ships needs it?	4	CO 3
g)	Elaborate on the concept of THC (terminal handling charge) and confirm as to who pays.	4	CO 3

**Section C**

Note: From the following questions (3/4/5/6) please answer any three. 10 Marks has been allotted against each question – thus **total 30 marks**

Sr.	Question	Marks	CO
<b>Q 3</b>	Authorities & responsibilities of agents & principals are substantially different – examine critically.	<b>10</b>	<b>CO 3</b>
<b>Q 4</b>	FONASBA agreement is a comprehensive guidance for a Container Agent – elaborate.	<b>10</b>	<b>CO 4</b>
<b>Q 5</b>	Can you elaborate the steps that enable the agents to do correct voyage estimation?	<b>10</b>	<b>CO 3</b>
<b>Q 6</b>	As a manager - make out a SOP with names of the documents that would enable your staff to do ship-clearance in a port. Use the names of minimum 6/7 documents – relevant to FAL Convention.	<b>10</b>	<b>CO 4</b>

**Section D : Compulsory question**

		Marks	CO
<b>Q 7</b>	Analyse the <b>case</b> and answer the following questions:	<b>30</b>	<b>CO 4</b>

Shippers of a cargo of wheat instructed a marine surveyor to survey and certify the holds of a bulk carrier as fit for loading.

The surveyor issued a certificate of fitness to load and 70,000MT of wheat was loaded.

Following the arrival of the ship at the discharge port, the local authorities ordered the stevedores to stop discharge operations as they suspected that the cargo was heat damaged. A subsequent survey report, obtained by the shippers, indicated that the cargo was contaminated by delaminating paint, rust, dirt and paint powder from the ship's holds.

The shippers negotiated a reduction in price with the receivers as a result of the deterioration of the cargo, and pursued a claim against the ship-owners under the terms of the contract of carriage. That dispute was resolved at a mediation, but the shippers then brought a separate claim against the surveyor. They were seeking to recover alleged losses, including loss of sale proceeds, additional hire paid to the owners and costs, on the basis that the surveyor had negligently certified the vessel as fit for loading in circumstances when it was not.

The claim was for in excess of USD 1million. Insurance agency appointed lawyers and expert evidence was sought. That evidence suggested that the damage may have been caused by Bobcats (type of loading equipment) used in discharging the cargo. The surveyor also had terms and conditions which – if properly incorporated into their business dealings – would have reduced their liability to a fraction of the shipper's claim. Unfortunately the surveyor had not explicitly made the shipper aware of the terms and conditions, so it was unlikely that a Court would find that these had been incorporated into the business dealing.

It also became apparent that after the surveyor had inspected the vessel, customs inspectors had carried out an inspection and had ordered that the vessel should be cleaned prior to loading. This was both helpful and unhelpful for the surveyor: while it was a strong indication that the surveyor had failed to properly carry out his survey, it also arguably meant that it was not the surveyor's report that the shippers were relying on, but instead custom's approval to load.

A mediation took place but the claim could not be settled. Negotiations continued nevertheless, and the matter was resolved with the surveyor contributing to around 30% of the claim, which was covered by insurance.

**Questions – to the point answers requested:**

1. Can the shipping line decline the claims – if yes; mention the reasons?
2. What would have been the role of a good agent (include three missing points) while the loading was supervised to avoid the claims issue? Give some good reasons.
3. Do you think that the agents must brief the owners at every point when the ship is being made ready for loading?
4. If hatches are not ready – does it come in conflict with NOR?
5. What are the best ways to reduce such conditions?

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Semester	:	SEM III					
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Name of Question Paper Setter	:	MIHIR K DAS					
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<b>Section A</b>	
<b>Q 1</b>	Please answer all questions briefly (each carries two marks): <b>Total Marks: 20</b>

<b>Sr.</b>	<b>Question</b>	<b>Marks</b>	<b>CO</b>
a)	Why is ship owner considered to be a Principal?	<b>2</b>	<b>CO 1</b>
b)	Does the shipping agency operations depend on Major Ports Act or something else – name the act?	<b>2</b>	<b>CO 2</b>
c)	What is OFF-HIRE survey?	<b>2</b>	<b>CO 1</b>
d)	Garbage clearance from ships is free – TRUE OR FALSE?	<b>2</b>	<b>CO 1</b>
e)	Freight is never collected by agents – TRUE OR FALSE?	<b>2</b>	<b>CO 2</b>
f)	Shipping companies must hire port agents in different countries – TRUE /FALSE?	<b>2</b>	<b>CO 1</b>
g)	For damage to cargo in while on voyage ship agent is responsible - TRUE /FALSE?	<b>2</b>	<b>CO 2</b>
h)	When is a ‘charterer’s agent’ hired?	<b>2</b>	<b>CO 1</b>
i)	Weighment of all export containers is a must for container vessels - TRUE /FALSE?	<b>2</b>	<b>CO 1</b>
j)	Bill of Lading is never signed by the Chief Officer– TRUE or FALSE?	<b>2</b>	<b>CO 2</b>

**Section B**

**Q 2. Please answer 5 questions out of 7 questions: Total Marks – 20**

Sr.	Question	Marks	CO
a)	How is charterer's agents different from the Liner agents?	4	CO 2
b)	Draft a "note of protest" for being unable to work due to port's crane being out of order.	4	CO 3
c)	Why do we need an OPA (owners' protecting agent)?	4	CO 2
d)	Elaborate on the qualities of a good shipping agent?	4	CO 3
e)	Why is PDA & FDA created – briefly describe.	4	CO 2
f)	Who are the parties to Initial & Final Draft survey? Explain reasons for their inclusion.	4	CO 3
g)	Describe the process of payment of Vessel Related Charges in ports by agents.	4	CO 3

**Section C**

Note: From the following questions (3/4/5/6) please answer any three. **Total 30 marks**

Sr.	Question	Marks	CO
Q 3	Authorities & responsibilities of agents & Agents of necessity is a misnomer – discuss.	10	CO 3
Q 4	FONASBA agreement is a comprehensive guidance for a Container Agent – elaborate.	10	CO 4
Q 5	Agency operations can be sustainable if the 'financial discipline' is maintained and adequate protective measures are in place. Please analyze the statement.	10	CO 4
Q 6	As a manager - make out a SOP with names of the documents that would enable your staff to do ship-clearance in a port. Use the names of minimum 6/7 documents – relevant to FAL Convention.	10	CO 3

**Please see page 3**

<b>Section D : Compulsory question</b>			
		<b>Marks</b>	<b>CO</b>
<b>Q 7</b>	Analyse the <b>case</b> and answer the following questions:	<b>30</b>	<b>CO 4</b>

A dunnage disposal issue:

The dunnage are wood-pieces / plastics / steel hoops that are used for creating a safe stowage for the cargo – when the ship is sailing or in voyage. In my class also I have explained the need for right kind of disposal from the port and at times the port authorities are sensitive to such activities. Thus many of the waste disposal companies have license.

In this case a ship agent in Australia was asked by their principal to arrange for the disposal of dunnage and other materials related to the packing of cargo upon the ship’s arrival. Australia has strict local quarantine regulations.

The agent’s employee engaged the services of a licensed disposal company who had previously been used to dispose of ship’s garbage and other more hazardous waste. This was not the company that the agents usually used to dispose of dunnage. The agent relayed instructions to the disposal company over the telephone without verifying the total cost.

The materials were disposed of and the disposal company sent a bill for around AU\$70,000. The owners questioned the unusually high charges. The disposal company said that they had charged their usual rate for licensed waste disposal. The agent made inquiries and confirmed the amount their usual dunnage disposal company would charge to deal with dunnage and packing materials would have been approximately AU\$7,000.

The owner was unwilling to pay more than the reasonable costs which should have been incurred being AU\$7,000. The agent had been negligent in their selection of the disposal company and was liable for the payment of the invoiced amount.

**Questions:**

1. Can the owners decline the claims – if yes; mention the reasons?
2. What would have been the role of a good agent (include three missing points) while the matter of disposal was fixed? Give some good reasons.
3. What are the options with the ‘agent at fault’ to settle such a huge sum?
4. Write a CONVINCING letter to the owner to pay at least 50% of the amount demanded – may be you can add imaginary situations.
5. What are the best ways to reduce such conditions?