In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Visakhapatnam Port Trust for fixation of tariff for movement and handling of coal by Rail-cum-Sea route from the various collieries of MCL/Ib Valley through the load port of Visakhapatnam to TANGEDCO directly as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)
This case relates to a proposal received from Visakhapatnam Port Trust (VPT) for fixation of tariff for movement and handling of coal by Rail-cum-Sea route from the various collieries of Mahandi Coal Field Limited (MCL)/lb Valley (in Jharsuguda District) through the load port of Visakhapatnam to Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) directly.

2.1. The VPT vide its letter dated 25 April 2019 has submitted its subject proposal. The main points made by the VPT in support of its proposal are summarised below:

(i). The handling activity of coastal movement of thermal coal for TANGEDCO since 1984 at VPT involved receipt of cargo in railway wagons from the MCL/lb Valley, unloading of cargo, stacking at designated storage location, shifting coal from stack yard to the berth and loading into the vessels nominated by TANGEDCO.

(ii). TANGEDCO vide their letters dated 6 March 2019 and 8 March 2019 stated that TANGEDCO was moving coal from various collieries of MCL/lb Valley through the load port of Visakhapatnam through a handling contractor. Due to high cost, TANGEDCO had stopped the movement through the VPT from 01.03.2019; and that TANGEDCO has a linkage of about 2.398 MTPA of coal from MCL/lb Valley collieries and exploring movement of coal through cost effective means, as part of cost reduction measures;

(a). a part of the MCL/lb coal is handled through direct All-Rail mode to one of their thermal plants i.e. Mettur Thermal Power Station, Mettur Dam, Tamil Nadu.

(b). TANGEDCO has already taken initiative to move MCL/lb Valley coal by Rail-sea mode through Paradip Port.

(c). TANGEDCO explores option of movement through private ports also.

(iii). TANGEDCO vide their letters dated 6 March 2019 and 8 March 2019 has requested VPT to furnish a cost effective budgetary offer for this activity directly by VPT.

(iv). In accordance with the discussion VPT had with TANGEDCO,

(a). The cost of coal and the Railway Freight shall be paid directly by TANGEDCO.

(b). The TAMP approved charges/ Railway related charges shall be as per the notifications (Terminal Charges, Wagon Haulage Charges, Wharfage, Plot Rent, Harbour Mobile Crane Charges). The payment for which shall be made direct by TANGEDCO and VPT shall furnish the full details to TANGEDCO.

(c). VPT shall specify the FIRM charge, towards the Unloading of coal from wagons, Stacking, Intra-port Transportation, heaping of coal for HMC loading, monitoring works at colliery end, coordination with the Railways
including coordination in missing and unconnected wagons, cost of shortage of coal, etc. as per the Terms and Condition furnished. The FIRM charge shall be paid for the shipment quantity (Bill of Lading).

(d). GST shall be as applicable. The benefit of Input Tax Credit (if any) shall be passed on to TANGEDCO.

(v). TANGEDCO requested the VPT to furnish the cost-effective budgetary offer, for the movement and handling of coal by Rail-cum-Sea route from the various collieries of MCL/lb Valley, through the load port of Visakhapatnam for TANGEDCO directly by the VPT.

(vi). The schedule of rates for movement through Visakhapatnam Port is given below:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Unit</th>
<th>Rate/ unit</th>
<th>Firm or Variable</th>
<th>Authority responsible for notifying the rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Terminal charges</td>
<td>` per tonne</td>
<td>`27.29/MT</td>
<td>Variable</td>
<td>Railways</td>
</tr>
<tr>
<td>2</td>
<td>Wagon Haulage Charges</td>
<td>` per wagon</td>
<td>`1,565 per 8 wheel wagon</td>
<td>Variable</td>
<td>Railways</td>
</tr>
<tr>
<td>3</td>
<td>Wharfage</td>
<td>` per tonne</td>
<td>`22.50/MT</td>
<td>Variable</td>
<td>Port/ TAMP</td>
</tr>
<tr>
<td>4</td>
<td>Plot Rent</td>
<td>` per sqm. per week</td>
<td>3.24 per sqm. per week</td>
<td>Variable</td>
<td>Port/ TAMP</td>
</tr>
<tr>
<td>5</td>
<td>Harbour Mobile Crane Charges</td>
<td>` per tonne</td>
<td>As per the performance</td>
<td>Variable</td>
<td>Port/ TAMP</td>
</tr>
<tr>
<td>6</td>
<td>FIRM Charges</td>
<td>` per tonne</td>
<td>FIRM</td>
<td>FIRM</td>
<td>FIRM</td>
</tr>
</tbody>
</table>

A quantity of about 2.398 MMTPA of thermal coal is required to be handled at VPT for TANGEDCO under the new arrangement.

(vii). The proposed service arrangement comprises of receiving coal rakes at the port, unloading coal at the designated rail siding, transporting unloaded coal to the designated stack yard for storage, transporting coal from the stack yard to the berth and heaping, loading coal into the nominated vessel and liaising with the Railways for cargo movement from mines to the load port for nomination of rakes, etc.

(viii). The capacity of the proposed arrangement is given below:
Number of operational days/ year = 70% of 365 = 256
Quantity/ rake = 3,300 tonnes (1 rake = 59 wagons x 56 tonnes/ wagon) [The port has defined the term “Rake” to include 58 wagons]
Number of rakes for 2.398 MMT = 2398000/3300 = 727 rakes
Number of rakes to be handled per day = 727/ 256 = 2.8 rakes
Free time per rake = 24/ 2.8 = 8.57 or 9 hours
[It should be Time for handling per rake = 24 hours/ 2.8 rakes / day= 8.57 rounded off 9 hours]
The free time provided by Railways for unloading coal rake is 9 hours

(ix). VPT intends to authorize an agency through tendering process for providing the service required by TANGEDCO. Tariff proposal for the said service required by TANGEDCO is prepared in accordance with the provisions of Clause 8 of the Tariff Policy for Major Ports, 2018. It is to mention that there is no ceiling tariff prescribed in VPT for the proposed service. Tariff for similar service is also not available in any other Major Port.

(x). VPT has floated an open tender in the Central Public Procurement portal through e-procurement with tender. Bid opening date was on 9 April 2019. The rate discovered through tendering process i.e. L-1 is `190.80 per tonne.

(xi). There is no capital expenditure required for providing the service. Provision for 16% ROCE is not applicable since there is no capital investment. A provision of 5% of the L-1 rate amounting to `9.54 tonne is made towards management and
general expenditure. Thus, the proposed per tonne tariff works out to ₹200.34 as follows:

(a). L-1 rate discovered through tender process : ₹190.80
(b). Management & General expenditure @ 5% : ₹ 9.54
(c). Total (proposed tariff per tonne) : ₹200.34

2.2. The rate and conditionalities governing the rate and performance standards proposed by VPT are as follows:

I. Charges for movement and handling of coal

<table>
<thead>
<tr>
<th>Activity</th>
<th>Performance Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement of coal from mine heads of MCL/lb Valley to Visakhapatnam Port, unloading at designated rail siding, movement of cargo to stack yard, from stack yard to berth, heaping of cargo and loading into vessels.</td>
<td>₹200.34 per tonne</td>
</tr>
</tbody>
</table>

Notes & Definitions

(a). Cargo unloading means unloading of coal from all the wagons by engaging the required manpower and equipment.

(b). Rake means a railway rake consisting of about 58 wagons each with a capacity to carry about 56 tonnes.

(c). Tariff specified in this SOR refers to the service of receiving coal rakes at the port, unloading coal at the designated rail siding, transporting unloaded coal to the designated stack yard for storage, transporting coal from the stack yard to the berth and heaping, loading coal into the nominated vessel and liaising with the Railways for cargo movement from mines to the load port for nomination of rakes etc. Tariff does not include railway freight from source mines and charges at VPT viz., railway terminal charges, wagon haulage charges, wharfage, storage plot rent and HMC charges.

II. Performance Standards

<table>
<thead>
<tr>
<th>Activity</th>
<th>Performance Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unloading of coal from placement of rake at the designated siding till completion of unloading from wagons</td>
<td>9 hours</td>
</tr>
</tbody>
</table>

Notes:

(a). Time taken for handling a rake for the purpose of evaluation of performance standards is “Time taken from placement of rake at designated rail siding till completion of unloading cargo”.

(b). “Tonne” means a quantity of 1,000 kgs. or part thereof.

2.3. In view of the above, the VPT has requested to consider the proposal and notify the tariff at the earliest to retain the cargo of TANGEDCO. The VPT its e-mail dated 7 June 2019 has furnished a copy of Board Resolution approving awarding of the contract to the L1 bidder at the quoted rate of ₹190.80 per tonne and send the proposal to TAMP for fixation of tariff for handling TANGEDCO coal in VPT through engagement of service provider. Subsequently, the VPT vide its letter dated 6 August 2019 stated that ratification of the VPT Board was obtained during the meeting held on 9 July 2019 for waiver of 5% towards Management and General Expenditure. The Board has resolved to ratify the decision of Chairman, VPT regarding waiver of 5% [₹9.54/-] cost towards Management & General Expenditure of VPT. With regard to status of implementation of the proposed rate of ₹190.80 for which in-principle approval was granted by TAMP, it is stated that a MOU was signed between VPT and TANGEDCO on 2 August 2019 as part of the process of operationalization of the proposal. Certain other requirements by the contracting agency and TANGEDCO are required to be fulfilled before awarding the contract.

3. The VPT requested to give in principle approval for the subject proposal. In this regard, it is to state that the proposed tariff could have been notified only after following the consultation process prescribed and after the Joint hearing, which would have taken time.
Keeping in view the approval accorded by the Board of Trustees of VPT for awarding the contract to the L-1 bidder at the quoted rate of ₹190.80 per MT and the revised proposed rate of ₹190.80/tonne is approved by the Chairman VPT is at par with the L1 rate, and in view of the urgency expressed by the VPT, the following revised rate proposed by the port was granted in-principle approval for implementation by the VPT pending approval of this Authority vide our letter dated 9 June 2019.

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>RATE PER TONNE IN ₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tariff for the movement and handling of coal by rail cum sea route from various collieries through load port of Visakhapatnam to TANGEDCO directly</td>
<td>190.80</td>
</tr>
</tbody>
</table>

The VPT was also requested to convey the date of implementation of the rate of ₹190.80 per tonne.

4. In accordance with the consultative procedure prescribed, a copy of the VPT proposal dated 25 April 2019 was forwarded to TANGEDCO seeking its comments. The comments received from TANGEDCO was forwarded to VPT as feedback information. The VPT vide its letter dated 31 May 2019 has furnished its reply.

5. A joint hearing in this case was held on 17 June 2019 at the VPT premises. At the joint hearing, the VPT and TANGEDCO have made their submissions.

6. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the comments received and arguments made by the parties will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

7. With reference to the totality of information collected during the processing of the case, the following position emerges:

   (i). The Visakhapatnam Port Trust (VPT) has mooted the current proposal to enable the port to bring back the thermal coal cargo handling done by Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) from various collieries of Mahanadi Coal Fields Limited (MCL)/Ib Valley through the load port of Visakhapatnam for subsequent coastal movement to the southern part of India.

   (ii). The requirement of coastal thermal coal by TANGEDCO for distribution to their various power plants in southern India is partially outsourced from Talcher & IB valley coal mines of Mahanadi Coal Fields Limited. The coal so obtained from collieries are transported to VPT through open wagons, stacked in VPT premises for subsequent coastal shipment to Southern India. The TANGEDCO earlier directly engaged logistic provider/handling agent for this movement. The port has furnished statistics to show that this part of coal movement of TANGEDCO has dropped from 3.47 MTPA in 2016-17 to 1.85 MTPA in 2018-19 and coastal movement has completely stopped from March 2019 as the same is being moved through Paradip Port Trust (PPT). When VPT approached TANGEDCO in this regard, TANGEDCO has required VPT to explore movement of coal through cost effective means through VPT. Thus, the current proposal is filed by the port in order to retain movement of TANGEDCO coal by Rail-sea mode movement through its own port. In order to attract this cargo and to provide for cost effective measures sought by TANGEDCO, the port has proposed the rate at the level given by the outsourced contract. The VPT will, however, earn vessel related charges, wharfage, storage charge as per SOR approved by this Authority from the cargo handled by TANGEDCO through this movement.

   (iii). The proposal of VPT seeks approval of rate for movement and handling of coal by Rail-cum-Sea route from the various collieries of MCL/Ib valley, through the load port of Visakhapatnam for TANGEDCO directly by the VPT. This thermal coal cargo was handled by TANGEDCO from the port of VPT by engaging handling agents. The port has confirmed that the existing SOR of the VPT does not prescribe rate for such movement of thermal coal cargo. Clause 7.6.1. of the
Tariff Policy, 2018 which has come into effect from 26 December 2018 stipulates that when a tariff for service/ cargo is not available in the SOR of the concerned Major Port Trust, the port shall approach this Authority for notification of tariff for the said new cargo/ service/ facility adopting the tariff and Performance Standards, if any, fixed for comparable cargo/ equipment/ service in any other Major Port Trust. If there is no tariff prescribed in any Major Port Trust or the rate prescribed is not representative for the cargo/ service/ facility envisaged, the Port Trust may file a proposal with reference to optimal capacity following the principles of 2008 guidelines or based on rated capacity or alternatively under cost plus 16% return formula. There are no norms available for the proposed facility in the Upfront Tariff Guidelines of 2008.

The port envisages to provide this service through outsourcing contractor selected through tendering process for providing this service at the rate of ₹190.80 per tonne. The rate proposed to be collected by the port from TANGEDCO is the same as quoted by the lowest bidder. The port had in its original proposal proposed a rate of ₹200.34 per tonne after adding a component of 5% towards management and general expenditure. The TANGEDCO requested the port to waive off the 5% Management and General Expenditure included in the proposed tariff by VPT. The port has considered the request of the TANGEDCO and has proposed the revised rate at ₹190.80 per tonne excluding the component of 5%. The port has clarified that this decision is taken with a view to reduce the logistic cost as part of providing cost effective solution for movement of coal from MCL/lb valley through Port of Visakhapatnam by Rail-cum-Sea route and the same is approved by its Board of Trustees.

(iv). Since the proposal filed by the VPT is to retain the movement of coal of TANGEDCO from collieries through rail cum sea route which was stopped by TANGEDCO since 1 March 2019 and recognising that the proposed rate is not objected by TANGEDCO, this Authority is inclined to approve the rate as proposed by the port. The port has furnished ratification of the Port Trust Board for excluding the component of 5% from the proposed rate. In view of the above position and recognising that the tariff sought for approval is to bring back the cargo which has been moved away from the VPT and the proposed rate is prima facie agreed by the concerned user TANGEDCO, this Authority is inclined to approve the revised proposed rate of ₹190.80 per tonne.

(v). In the proposed Scale of Rates, the port has included the activity of Movement of coal from mine heads of MCL/lb Valley to Visakhapatnam Port. In other part of the proposal, the port has categorically stated that the cost of coal and the Railway Freight shall be paid directly by TANGEDCO. In any case, the tariff fixation for the above said activity which is beyond the port limits does not fall under the jurisdiction of this Authority. That being so, the words “movement of coal from mine heads of MCL/lb valley” is replaced with “Receiving of coal from mine heads of MCL/lb valley at the Visakhapatnam Port” in the schedule.

(vi). The rate proposed is for coastal movement of thermal coal. As per the coastal concession policy of the Government, coastal concession is not applicable for thermal coal. So the proposed rate will be uniform for foreign as well as coastal cargo.

(vii). Under “Notes & Definitions” the port has proposed terms like “cargo unloading”, “rake”, “tonne” and “tariff” for the specified services. The terms like “cargo loading” and “rake” is approved as proposed by the port as they seem to be in order. The words “definition” is deleted from the caption. The term “Tonne” is already prescribed in the existing SOR of the VPT and hence need not be prescribed separately for this tariff schedule.

The note on the term “tariff” listing out the services, namely, receiving coal rakes at the port, unloading coal at the designated rail siding, transporting unloaded coal to the designated stack yard for storage, transporting coal from the stack yard to the berth and heaping, loading coal into the nominated vessel and liaising with the
Railways for cargo movement from mines to the load port for nomination of rakes etc. is approved except for deletion of the last part i.e. liaising with the Railways for cargo movement from mines to the load port for nomination of rakes. This may be part of the outsourcing contract to be entered by the VPT and need not form part of the proposed note.

The port has also stated that tariff does not include railway freight from source mines and charges at VPT viz., railway terminal charges, wagon haulage charges, wharfage, storage plot rent and HMC charges. The proposal of the port already clarifies that wagon handling charge shall be as per the rate approved by the Railways, wharfage, storage/plot rent and HMC charge shall be as approved by this Authority. The said note appears more of a clarificatory in nature and hence is prescribed as proposed by the port.

(viii). The port has proposed Performance Standards of 9 hours for Unloading of coal from placement of rake at the designated siding till completion of unloading from wagons. As per the working given by the port considering 24 hours/2.8 rakes per day as brought out in the earlier paragraphs, it takes 8.57 hours/rake for unloading coal into wagon which is rounded of by the port to 9 hours for unloading of cargo onto a rake. There is slight mismatch in the number of rakes considered in the calculation and that considered in the definition. If that is corrected it comes to 8.33 hours/rakes. i.e. 3248 tonnes/days 58 wagons x 56 tonnes/wagon. So, for handling 2.398 MTPA, 738 rakes are required and hence number of rakes per day works out to 738 rakes/256 days = 2.88 rakes per day. So considering 24 hours in a day it works out to 8.33 hours/rake. Since it is closer to the VPT working, the performance standard of 9 hours for unloading of coal is approved as proposed by the port. The proposed note that time taken for handling a rake for the purpose of evaluation of performance standards is “Time taken from placement of rake at designated rail siding till completion of unloading cargo” is approved as proposed by the port.

8. When sought to furnish the date of implementation of the said rate, the port has clarified that a MOU was signed between VPT and TANGEDCO on 2 August 2019 as part of the process of operationalization and some formalities are in process. Since in-principle approval was already accorded vide our letter dated 7 June 2019, the approved rate is made effective from the date of the in principle approval accorded. The rate approved will be included in the existing Scale of Rates of the VPT. The validity of the rate approved will be made co-terminus with the validity of the revised SOR of the VPT to be approved by this Authority separately and shall form part of comprehensive revision of the SOR of the VPT during the next review.

9.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following schedule of rates for handling thermal coal by rail-cum-sea route from various collieries through load port of Visakhapatnam directly:

“Schedule of Rate for direct handling of thermal coal by rail-cum-sea route from various collieries through load port of Visakhapatnam:

I. **Schedule of Charge**

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate for foreign and coastal thermal coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving of thermal coal from mine heads of Mahanadi Coal Fields Limited (MCL)/IB Valley at Visakhapatnam Port, unloading at designated rail siding, movement of cargo to stack yard, from stack yard to berth, heaping of cargo and loading into vessels.</td>
<td>₹190.80</td>
</tr>
</tbody>
</table>
Notes:

(a). Cargo unloading means unloading of coal from all the wagons by engaging the required manpower and equipment.

(b). Rake means a railway rake consisting of about 58 wagons each with a capacity to carry about 56 tonnes.

(c). Tariff specified in this SOR refers to the service of receiving coal rakes at the port, unloading coal at the designated rail siding, transporting unloaded coal to the designated stack yard for storage, transporting coal from the stack yard to the berth and heaping and loading coal into the nominated vessel.

Tariff does not include railway freight from source mines and charges at VPT viz., railway terminal charges, wagon haulage charges, wharfage, storage plot rent and HMC charges.

II. Performance Standards

<table>
<thead>
<tr>
<th>Activity</th>
<th>Performance Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unloading of coal from placement of rake at the designated siding till completion of unloading from wagons.</td>
<td>9 hours</td>
</tr>
</tbody>
</table>

Note:

Time taken for handling a rake for the purpose of evaluation of performance standards is “Time taken from placement of rake at designated rail siding till completion of unloading cargo”.

9.2. The VPT is directed to incorporate the approved rate in the Scale of Rates of the VPT.

9.3. The rate approved is deemed to have come into effect from 7 June 2019 from the date of according in-principle approval to the proposed rate. The validity of the rate approved will be co-terminus with the validity of the revised SOR of the VPT to be approved by this Authority which is being processed separately.

(T.S. Balasubramanian)  
Member (Finance)
A summary of the comments received from Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) and reply furnished by Visakhapatnam Port Trust (VPT) is tabulated below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Comments of TANGEDCO</th>
<th>Reply furnished by VPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i).</td>
<td>It is stated that TAMP may notify the rate of ₹190.80/MT (excluding GST) proposed by VPT for movement of coal from mine heads of MCL/Ib valley to Visakhapatnam port, unloading at designated rail siding, movement of cargo to stack yard, from stack yard to berth, heaping of cargo and loading into vessels. Port has levied an administrative charge of 5% which may be waived as a special case.</td>
<td>The request of TANGEDCO for waiver of the component of 5% proposed towards management and general expenditure is considered favourably by Visakhapatnam Port Trust. The decision is taken with a view to reduce the logistic cost as part of providing cost effective solution for movement of coal from MCL/Ib valley through Port of Visakhapatnam by Rail-cum-Sea route.</td>
</tr>
<tr>
<td>(ii).</td>
<td>The quantities to be handled:</td>
<td>No comments furnished by Port.</td>
</tr>
<tr>
<td></td>
<td>(a). The quantity is stated as “about 2.398 MTPA” in the letter of VPT dated 25.04.2019 addressed to TAMP.</td>
<td>[The comments relate to terms and conditions entered/ to be entered between VPT and TANGEDCO and it is not related to tariff fixation.]</td>
</tr>
<tr>
<td></td>
<td>(b). In regard to the quantity, the Terms and Condition furnished by TANGEDCO vide letter dated 06.03.2019 to VPT states as below: Terms and Conditions: Para 2.0, Schedule of Quantities MCL/Ib valley Quantity: TANGEDCO has a linkage of about 2.398 MTPA of coal from MCL/Ib valley collieries (MCL/IB) and exploring movement of coal through cost effective means. The quantities to be handled as indicated in the specification are based on FSA/ allotted linkages. TANGEDCO does not guarantee the quantities to be handled due to either changes in the linked quantities and source or due to any other operational reasons. Due to reduction in quantity no claim will be made by the contractor for any increase in the rates.</td>
<td></td>
</tr>
<tr>
<td>(iii).</td>
<td>(a). As part of cost reduction measure for coal from MCL/Ib valley, i. a part of the MCL/Ib coal is handled through direct All-Rail mode to one of our thermal plants i.e. Mettur Thermal Power Station, Mettur Dam, Tamil Nadu. ii. TANGEDCO has already taken initiative to move MCL/Ib valley coal by Rail-sea mode through Paradip Port.</td>
<td>No comments furnished by Port.</td>
</tr>
<tr>
<td></td>
<td>[The comments relate to terms and conditions entered/ to be entered between VPT and TANGEDCO and it is not related to tariff fixation.]</td>
<td></td>
</tr>
</tbody>
</table>
iii. TANGEDCO explores option of movement through private ports also.

(b). Considering cost considerations, TANGEDCO shall continue to make indent for rakes on All-Rail mode, which was already communicated to VPT vide TANGEDCO letter dated 06.03.2019.

(c). Considering cost considerations, TANGEDCO shall make further efforts with the Railways for movement from lb valley to Paradip port, which was already communicated to VPT vide TANGEDCO letter dated 06.03.2019.

(d). Taking into consideration the “operational reasons” and “cost considerations” the indent for rakes shall be made by TANGEDCO.

2. A joint hearing in this case was held on 17 June 2019 at the VPT premises. At the joint hearing, the VPT and TANGEDCO have made the following submissions:

**Visakhapatnam Port Trust (VPT)**

(i). TANGEDCO has requested the port to furnish cost effective rate for movement and handling of coal by Rail-cum-Sea route from various collieries.

(ii). In this regard, port invited bids. The lowest bidder L1 has quoted rate of ₹190.80 per tonne for handling of coal by Rail-cum-Sea route from various collieries.

(iii). We had in the original proposal added 5% Management and Administrative Expenses (MAE) on the L1 rate. Subsequently, on the request of TANGEDCO, the port has dropped that 5% MAE because it is between port and another Government organisation. Hence, the revised proposed rate is ₹190.80 per tonne. Operation is likely to start from 01 July 2019.

(iv). Port will, however, earn vessel related charges, wharfage, storage charge as per SOR approved by TAMP from the cargo handled by TANGEDCO through this movement.

**Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO)**

(i). We will communicate our comments on the revised proposed rate of VPT in 15 days after internal approval.

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