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Tariff Authority for Major Ports

G No. 30 **New Delhi,** **19 January 2010**

NOTIFICATION

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 the Visakhapatnam Port Trust for fixation of tariff for 100 Ton wagon weigh bridge as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/20/2009-VPT

Visakhapatnam Port Trust **- - -** **Applicant**

O R D E R
(Passed on this 30th day of December 2009)

This case deals with the proposal filed by the Visakhapatnam Port Trust for fixation of weighment charge for 100 ton capacity pit less in-motion wagon weigh bridge installed at route "Y" railway track near AKP level crossing and at the coal berth.

2.1. The Visakhapatnam Port Trust (VPT), vide letter dated 9 May 2009, had filed a proposal for fixation of the weighment charge @ Rs.36 per 8 wheeler wagon for the in-motion wagon weigh bridge. The port also proposed to extend the proposed rate for the another weigh bridge facility to be commissioned at the coal berth.

2.2. Though, the VPT in its proposal claimed that the users had unanimously consented to the proposed rate of Rs.36 per 8 wheeler wagon, it was not supported by any evidence of consent by the concerned users / user associations. Further, the port had not furnished any cost calculation to support the proposed rate. The minutes of the meeting dated 2 March 2009 with the concerned users forwarded by the VPT along with the proposal stated that it is for finalisation of adhoc rate. The proposal of the VPT, however, did not seek approval of the proposed rate on an adhoc basis.

2.3. In view of the gaps observed, the VPT was advised to resubmit the proposal and also furnish additional information/ clarifications on a few points.

3. Clauses 2.17.1. to 2.17.4. of the tariff guidelines stipulate that when the tariff for a particular service / cargo is not available in the notified Scale of Rates, the port can submit a proposal. Simultaneously, with submission of proposal, it can levy the rate on an adhoc basis till the rate is finally notified subject to the condition that the adhoc rate must be derived based on existing notified tariffs for comparable service / cargo and it must be mutually agreed upon by the port and the concerned users. The wagon weighbridge does not appear to be a service for which the demand had arisen all of a sudden warranting the port to introduce adhoc rates. Even when the facility was under creation, the port could have submitted a tariff proposal in time so that the tariff determined following usual consultation process by this Authority would have been available when the facility was commissioned. The VPT was, therefore, advised to explain reasons for not filing a regular tariff proposal before the facility was commissioned may be explained.

4.1. The VPT has vide letter dated 8 July 2009 furnished its response to the queries raised by us along with cost calculation in support of the rate proposed. The port has stated that a decision to install in-motion weigh bridge was taken to meet the requirement of rail users of the port. It has submitted that one of the major rail users of VPT i.e. M/s.Steel Authority of India Limited (SAIL) had requested the port to install weigh bridge to weigh the wagons dispatched from the various locations of VPT. Besides that, the East Coast Railway has also requested to install weighbridge in the port premises for the weighment of outward loaded wagons from the port. In view of the above, the Port has taken a decision to install pit less in-motion wagon weigh bridge. A summary of the information sought and reply of VPT is given below:

Sl. No.	Queries raised by us	Reply of VPT
(i).	Though the VPT has stated that the users have unanimously given consent to the proposed rate of Rs.36 per 8 wheeler wagon, it is not supported by consent letters from the concerned users / user associations. Further, the VPT has neither indicated any basis for arriving at the proposed rate nor has it submitted any cost calculation with reference to the rate proposed for a new service.	It was agreed by Rail users of VPT in the meeting held on 11 December 2008 and 2 March 2009 to pay Rs.36 per 8 wheeler wagon and the rate was fixed on adhoc basis only. The Attendance sheet of the firms which attended to the meeting is furnished.

(ii).	Explain the basis of arriving at the proposed rate along with detailed cost calculation in the format prescribed by the Authority.	The detailed cost statement for fixation of tariff for 100 Ton capacity Pitless in Motion Weighbridge prepared based on capital cost, fixed cost and variable cost is furnished.
(iii).	Documentary support of the capital cost incurred by the port for procurement of the weighment bridge.	A copy of the work order issued by the port for procurement including erection, testing and commissioning of 2 nos. of in-motion weigh bridge at Rs.22,42,594/- is furnished.
(iv).	Additional revenue likely to accrue at the proposed rate for the years 2009-10, 2010-11 and 2011-12.	Additional revenue of Rs.62 lakhs per annum is estimated at the proposed rate.
(v).	With reference to its proposal to extend the rate prescribed for the said weighment bridge to the another facility proposed to be commissioned at Coal berth, clarify whether weighing equipment proposed to be deployed at both the places are of similar size / capacity.	Weighment equipment proposed to be installed at coal berth is similar in all respects.
(vi).	A note explaining whether the service is optional or mandatory and the arrangement followed earlier (before commissioning of the new weighbridge) and the charges recovered therefor.	As per a commercial circular No.250G/ 07 dated 31 May 2007, it is mandatory to issue R.R. for the rakes loaded from VPT for different destinations for purpose of recovery of correct freight and prevent leakage of railway revenue. Further, the Chief Commercial Manager (FS) addressed a letter to VPT vide letter No.CCM/225/IWB/t.III dated 13 June 2008 requesting port to install weighbridge for the weighment of outward loaded wagons from the port.

4.2. The cost statement furnished by the port in support of the proposed rate is given hereunder:-

Sr. No.	Description	Amount in Rs.
(i).	Capital cost (2 Nos. of 100 tonne capacity pit less in motion railway wagon weigh bridge)	2242600
(ii).	Life in years	10
(iii).	**Fixed cost**	
	(a). Return on capital employed @ 16%	358816
	(b). Depreciation	224260
	Total Fixed Cost	**583076**
(iv).	**Variable cost**	
	(c). Repairs & Renewals @3.33% on capital cost	74679
	(d). Staff cost	3459547
	(e). Management & General Overheads 32.06% on (d).	1109131
	(f). Power cost	543120
	(g). Annual Maintenance cost	300000
	(h). Workshop & stores expenditure cost @ 10.53% on (c+f+g)	96644
	Total Variable Cost	**5583120**
(v).	**Total Cost**	**6166196**
(vi).	No. of wagons expected to be handled	172280
(vii).	Charges per wagon (v/vi)	35.79
(viii).	Proposed charges	Rs.36 per wagon

5. In accordance with the consultation process prescribed, the proposal dated 9 May 2009 and 8 July 2009 received from the VPT was circulated to the concerned users / user organisations seeking their comments. The comments received from the users / user organisations were forwarded to the VPT as feedback information / comments. The VPT has furnished its comments on the comments of the users / user organisations.

6.1. A joint hearing in this case was held on 22 October 2009 at the VPT premises. At the joint hearing, VPT and Steel Authority of India Limited have made their submissions.

6.2. As decided at the joint hearing, the VPT was advised to justify each of the cost elements / overheads considered in the calculation of tariff in the light of actuals for the last three years. The VPT was also advised to establish that the management and general overheads considered in the calculation are incremental cost incidental to the services offered by 100 Tonne capacity railway wagon weigh bridge. Simultaneously, the Steel Authority of India Ltd. (SAIL) was advised to furnish its comments on the cost analysis submitted by the port in support of its subject proposal.

7.1. The VPT has responded vide letters dated 17 November 2009 and 19 November 2009. While furnishing justifications for the cost elements (i.e. management and general overheads, work and stores expenses, etc.) considered in the calculation, the port has also modified the estimates for some of the cost elements in the revised calculation sheet furnished vide letter dated 19 November 2009. The main submissions made by the port and the modifications made by the port in the cost calculation are brought out below:

(i). Since the weigh bridge is installed in December 2008, it cannot furnish actual cost for last three years.

(ii). It has furnished a statement based on the actuals for the year 2006-07 to 2008-09 to justify the percentages adopted for estimating Management and General Overheads (MGA) and the workshop and stores over the operating expenditure. Accordingly, in the revised calculation sheet, the Management and General Overheads is estimated at 23.85% of staff cost as against 32.06% of the staff cost considered by the VPT in the original proposal. Similarly, the workshop and stores expenditure earlier estimated at 10.53% of the repairs & renewals, power and Annual Maintenance Contract cost is modified and estimated at 9.69% of the power, repairs and annual maintenance cost.

(iii). As regards Annual Maintenance cost, it has clarified that the Annual Maintenance Contract (AMC) for each weigh bridge is in tendering stage. The estimates are modified at Rs.3 lakhs per weigh bridge (i.e. total 6 lakhs) in the revised calculation as against total expense estimated at Rs.3 lakhs in the original proposal.

(iv). Since the proposed AMC would cover operation and maintenance only, but do not cover spares and renewals, repairs and maintenance cost is estimated at 3.33% of the capital cost.

(v). It has confirmed that as the weigh bridges are installed in the current year which is an additional service provided for the users, and that the cost incurred towards R&M, power, AMC and workshop & stores are incremental in nature.

(vi). Based on the above modifications, the total cost for operation of the weigh bridges plus return @ 16% on investment is estimated at Rs.6203528/- as against Rs.6166196/- estimated in the original proposal. Based on the revised estimated revenue requirement, the rate is arrived at Rs.36.01 per wagon. The port has proposed the agreed rate of Rs.36 per wagon.

7.2. The SAIL, vide its letter dated 16 November 2009, has submitted that at the joint hearing it has indicated the rate of 0.65 paise per MT is on the higher side. It has requested that the port should offer the service free of charge or incase the port does not agree than it should charge a nominal charge for utilisation of the 100 tonne weigh bridge.

8. 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 concerned parties will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

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

(i). The Visakhapatnam Port Trust (VPT) has explained that it has commissioned the facility of wagon weigh bridge at the request made by the Steel Authority of India Limited and East Coast Railways and has sought approval of this Authority for the rate proposed.

(ii). The VPT has reported that wagon weigh bridge has been put into service since December 2008 but a separate rate of hire charges for its use was filed only in May 2009. It is understood that the port has based on circular dated 5 February 2009 implemented the proposed rate of Rs.36 per 8 wheeler wagon with effect from 12 February 2009. Subsequently, in minutes of the meeting dated 2 March 2009 held with the concerned trade members, the port has recorded that the concerned users have agreed to the proposed rate.

Clauses 2.17.1. to 2.17.4 of the tariff guidelines stipulate that when the tariff for a particular service / cargo is not available in the notified Scale of Rates, the port can submit a proposal. Simultaneously, with submission of proposal, it can levy the rate on an adhoc basis till the rate is finally notified subject to the condition that the adhoc rate must be derived based on existing notified tariffs for comparable service / cargo and it must be mutually agreed upon by the port and the concerned users.

It was brought to the notice of the port that the wagon weighbridge did not appear to be a service for which the demand had arisen all of a sudden warranting the port to introduce adhoc rates. Even when the facility was under creation, the port could have submitted a tariff proposal in time so that the tariff determined following usual consultation process by this Authority would have been available when the facility was commissioned. The VPT has not explained the reasons for not filing a regular tariff proposal before the facility was commissioned despite specific request. In the instant case, the port has implemented the rate and then filed a proposal after almost three months which is not found to be in line with the provisions in the tariff guidelines. The Port Trust has no power to fix rate for its service except otherwise the authorisation given to it by the Tariff Guidelines subject to fulfillment of certain conditions. The action of the VPT delaying submission of its proposal and collection of provisional charges on its own is beyond the scope of such authorisation and the port is advised to refrain from such action in future.

(iii). The VPT has modified the estimates for some of the cost elements in the calculation furnished vide its letter dated 17 November 2009. The revised rate, however, does not vary significantly from the original proposal. For the purpose of the analysis, the modified calculation furnished by the VPT dated 17 November 2009 along with the information / clarifications furnished during the processing of the case is considered.

(iv). The total capital cost of the two wagon weigh bridge is considered at Rs.22.42 lakhs which is substantiated with a copy of the work order placed by the port. The capital cost considered by the VPT is reckoned with in the analysis.

(v). The port was specifically advised to justify each cost elements / overheads considered in the calculation of tariff with reference to the actuals for the last three years. The port has, however, expressed its inability to furnish the actual cost incurred by the port for operating the wagon weigh bridge citing that the equipment was pressed into service only from December 2008.

It is relevant to mention that the total cost of operating the wagon weigh bridge (including depreciation) is estimated by the VPT at Rs.58.44 lakhs which is found to be 250% of the capital cost of the said facility. The operating cost thus estimated by the VPT seem to be on the higher side and the methodology adopted by VPT does not eliminate overlapping of cost elements, particularly overheads, and furnish a rational basis of apportionment.

The cost towards Annual Maintenance Contract (AMC) for wagon weigh bridge is estimated at Rs.6 lakhs per wagon in the revised proposal. Though one of the wagon bridge is reportedly pressed into service for almost a year, the port has not substantiated the estimates with any relevant analysis. Citing that AMC would not cover spares and renewals, repairs and maintenance of the equipment, the port has estimated repairs and maintenance cost at 3.33% of the capital cost. In addition to that, work shop and stores expense is also estimated at 9.69% on the sum of power cost, repairs and maintenance cost and annual maintenance cost. Though it cannot be denied that repairs and maintenance expense is an incremental cost with reference to additional equipment, it has to be also recognised that the facility is newly commissioned and hence as a general practice it would be covered under guarantee/ warrantee atleast during the initial years.

The estimation of repairs and maintenance and in addition to that annual maintenance cost and work shop and stores expense works out to 35% of the capital cost, which is not found to be justified.

The VPT has estimated management and general overheads as a percentage to the staff cost. Despite the advice rendered to establish that this cost item is incremental and incidental to the operation of the railway wagon weigh bridge, the port has, without furnishing any analysis, made only a general statement that the management and general overhead considered are incremental cost. It has to be recognised that overhead expenses generally remain constant for the port as a whole for a given period unless there is significant expansion.

(vi). Clause 2.4.1. of the tariff guidelines of March 2005 calls for attempts to evolve normative cost of each component of port operations. Since separate set of norms under Clause 2.4.1. are not evolved, the norms prescribed in the tariff guidelines of February 2008 is relied upon to test the reasonableness of the estimates. Recently, for determining hire charge of harbour mobile crane deployed by private service providers at the Tuticorin Port Trust and Paradip Port Trust, the norms prescribed in the guidelines of 2008 has been borrowed to assess the reasonableness of the estimates.

The tariff guidelines for upfront tariff fixation prescribe norms for assessing the optimal capacity, operating cost, etc., for various cargo handling terminals. The tariff to be fixed in this case is for an isolated facility for which no separate norms are prescribed in the 2008 guidelines. It is, however, observed that the norms prescribed in the guidelines for estimating the operating cost for various cargo terminals as well as container terminals are almost on similar lines except for the norms prescribed for consumption of power and fuel and repairs and maintenance. The norms for these three cost elements are prescribed depending on the nature and type of handling equipment.

The reasonableness of the estimates furnished by VPT is, therefore, to be tested in the light of the norms prescribed in the 2008 guidelines.

(vii). Power cost is estimated by the port assuming consumption of 5 units per hour. In the absence of any exclusive consumption norms prescribed in the guidelines for rail wagon weigh bridge, the power consumption assumed by the VPT is considered. The unit rate adopted is Rs.6.20 as considered by the VPT in the other upfront tariff cases dealt with in the years 2009.

(viii). As explained in the preceding paragraphs, the estimation of Annual Maintenance cost, repairs and maintenance and in addition to that workshop and stores expense by the VPT are found to be excessive. The estimates are not substantiated or justified with any empherical analysis by the port. The highest norm prescribed in the 2008 guidelines for estimating repairs and maintenance cost is 7% of the equipment cost which is considered in the analysis.

(ix). The guidelines prescribe the norm for estimating other cost which cover staff cost, management and general overheads, and miscellaneous cost. The norm prescribed in the guidelines for estimating this item is 5% of the gross value of assets for a cargo handling terminal. The highest norm prescribed for estimating other expense is 15% of the gross value of assets for a container handling terminal having lower capacity. Recognising that rail wagon weigh bridge is also not a full fledged service and also its relatively low capital base, the highest norm available in the 2008 guidelines for estimating other expense is considered in the analysis. It may be relevant here to point out that management and general overheads and also the staff cost which are estimated by the VPT separately for determining the unit rate, are factored in the total cost considered in the last general revision of the Scale of Rates of the port. However, since the exercise here is to determine the unit rate for providing the specific service relating to weighment of rail wagon, it is necessary to factor these cost elements, otherwise this service may be cross-subsidised by other activities.

(x). Clause 2.7.1 of the tariff guidelines of 2005 require the Major Port Trusts to compute depreciation on straight line method following the norms adopted as per the Companies Act. Upfront tariff guidelines also require to follow the Companies Act for estimating the deprecation. The port has computed the depreciation @ 10% on straight line method reportedly based on the life norms prescribed by the (then) Ministry of Surface Transport in 1998. It is notable that the VPT was already advised during the last tariff revision done in May 2006 to comply with the revised tariff guidelines for computing the depreciation while formulating its next tariff review / revision proposal. The VPT has, however, not adhered to the advice while formulating the instant proposal. The depreciation rate applicable as per the Companies Act for the kind of equipment deployed by the port is 13.91% which is considered in the calculation. The VPT is advised once again to comply with the revised tariff guidelines for computing the depreciation while formulating its tariff proposals.

(xi). The VPT has not specifically included the insurance cost in its calculation for arriving at the proposed hire charges. The upfront tariff guidelines prescribe a norm for estimating insurance premium cost at 1% of the value of the asset.

It may be relevant to mention here that during the last tariff revision in May 2006, the port had estimated insurance cost so as to adequately cover the port assets / equipment reportedly in view of the specific advice rendered by Ministry. The insurance cost then estimated by the VPT was accepted. However, on examining the Annual Accounts of the VPT for the years 2007-08 and 2008-09, the insurance cost incurred by the port is found to be very low and unrealistic in comparison with the net value of the assets which indicates that the present insurance cover taken by the port does not cover all the port assets / equipment. This may be due to the practice of VPT to recover cost of damages from the concerned parties directly. In the light of the above position, the insurance cost is not considered in the cost calculation for railway wagon weigh bridge.

(xii). The guidelines of 2008 permit estimation of license fee based on the rates prescribed in the Scale of Rates of the respective Major Ports. The VPT has not estimated any expense under this head.

(xiii). The port has considered Return on Capital Employed (ROCE) @ 16% of the equipment cost. Though upfront tariff guidelines permit return on gross value, it is not applicable in the case of VPT. ROCE is to be allowed in terms of Clause Nos.2.9.1. and 2.9.2. of tariff guidelines of 2005. Therefore, ROCE is calculated on the average of the written down value of assets for the three years period for which tariff is to be fixed.

(xiv). The upfront tariff guidelines prescribes norms for assessing capacity of a terminal for offering comprehensive handling facilities. There are no norms available for assessing capacity of rail wagon weigh bridge in the guidelines. The port has assessed the capacity of two rail wagon weigh bridges at 172880 wagons. In the absence of any norms available in the guidelines of 2008, this Authority relies on the capacity of the wagon weigh bridge assessed by the VPT. Incidentally, none of the users have raised any pointed objection on this element factored by the VPT.

(xv). Subject to the above, the calculation furnished by the VPT for using 100 tonne capacity wagon weigh bridge has been revised. The revised calculation sheet is attached as **Annex - I**. The total cost of operating the wagon plus return on investment is estimated at Rs.16.07 lakhs as against Rs.62.03 lakhs estimated by the port. As per the modified calculation, the unit cost plus return works out to Rs.9.33 per 8 wheeler wagon, which is rounded off and approved at Rs.10/- per 8 wheeler wagon.

(xvi). The proposal of the VPT to prescribe a rate of Rs.36 per wagon was taken on consultation with the relevant stake holders and the joint hearing convened in this case was to hear the views of the stake holders on the proposed rate of Rs.36 per tonne. It is noteworthy that generally the users have supported the said rate except Steel Authority of India Limited (SAIL). The SAIL was advised to furnish its comments on the cost analysis submitted by the port in support of its argument. Though provided with an opportunity, SAIL has not furnished any justification or cost analysis to show that the rate proposed by the port is high. The SAIL has made a general remark stating that the proposed rate is very high and has infact requested that the port should offer the service free or charge a nominal rate.

(xvii). Clause 2.17.4. of the tariff guidelines of 2005 enables this Authority to recognize the interim rate adopted in an ad-hoc manner retrospectively. The measure of VPT to implement the rate of Rs.36/- per tonne on ad-hoc basis is approved as such as the users have generally agreed to the rate proposed except one of the user i.e. SAIL. The levy of ad-hoc rate from the date of commencement of offering the service of weighment by 100 tonne capacity wagon weigh bridge at VPT is allowed to continue till the effective date of the implementation of the revised rate notified by this Authority.

10.1. In the result, and for the reasons given above and based on a collective application of mind, this Authority approves the following:-

(i). Charge for use of 100 tonne capacity Pit less in motion wagon weigh bridge at Rs.10/- per wagon of 8 wheeler.

(ii). Since adhoc rate is already in operation, the rate approved will come into effect after expiry of 15 days from the date of its notification in the Gazette of India and shall remain valid for 3 years.

10.2. The VPT is directed to include the approved rate in its Scale of Rates.

(Rani Jadhav)
Chairperson

Annex - I

Cost Calculation for fixing the rate for 100 Tonne capacity pit less in motion wagon weigh bridge at the Visakhapatnam Port Trust

(in Rs.)

Sr.No.	Description	Furnished by the VPT	Estimates modified by us
I	Capital cost of 2 in motion wagon weigh bridge	2242600	2242600
II	**VARIABLE COST**		
(i)	Power cost (5 units per hour * 24 hours * 365 days* Rs. 6.20 per unit*2 weigh bridge)	543120	543120
(ii)	Repairs & Renewals @3.33% of capital cost. (in our analysis considered at 7% of the capital cost)	74679	
(iii)	Annual Maintenance Cost	600000	156982
(iv)	Workshop & stores expense [estimated by VPT at 9.69% of (i) + (ii)+ (iii)]	118005	
(v)	Staff cost	3459547	
(vi)	Management and General Overhead [estimated by VPT at 23.85% of (iv)] (In our estimate other expense estimated at 15% of the capital cost which will cover staff cost and overheads)	825102	336390
	TOTAL VARIABLE COST	**5620453**	**1036492**
III	Depreciation (VPT has considered depreciation @ 10% assuming life of equipment as 10 years). [In our calculation depreciation assumed at 13.91% based on the rate prescribed in the Companies Act]	**224260**	**311946**
IV	Return on capital employed @16% of Capital Cost (in our calculation 16% return allowed on the average written down value of capital cost for three years i.e Rs.1618709 *16%)	358816	258993
V	**TOTAL COST (II + III+IV)**	**6203529**	**1607431**
VI	No. of wagons expected to be handled by 2 wagon weigh bridges as furnished by VPT (8 rakes * 59 wagons per rake * 365 days)	172280	172280
VII	**Charges for weighing per wagon (in Rs.) (V/VI)**	**36.01**	**9.33**

Capital cost of 100 tonne capacity wagon weigh bridge (2 Nos.)	**Rs. 2242600**		
Depreciation rate adopted as per Companies Act	**13.91%**		
	Year 1	**Year 2**	**Year 3**
Value of wagon weigh bridge at the beginning of the year	2242600	1930654	1618708.68
Depreciation	311946	311946	311946
Written dopwn value at the end of the year	1930654	1618709	1306763
Average written down value		1618709	

<u>SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY</u>

F. No. TAMP/20/2009-VPT - **Proposal from the Visakhapatnam Port Trust for fixation of tariff for 100 Ton capacity pit less in-motion wagon weigh bridge installed at Route "Y" Railway Track near AKP Level Crossing.**

A summary of comments received from the users / user organisations and the comments of Visakhapatnam Port Trust (VPT) thereon are given below:

Sl. No.	Comments of users / user organisations	Comments of VPT
1.	**Bothra Shipping Services (BSS)**	
	We would like to thank Visakhapatnam Port Trust for installation of the said weigh bridge. The proposed weighment charges of Rs.36/- per 8 wheeler wagon is acceptable to us.	During the meeting held on 2 March 2009 the trade members including SAIL have unanimously accepted the rate of Rs.36 per wagon. The port issued a circular dated 5 February 2009 to the trade which states that the adhoc rate of Rs.36 per wagon proposed by the Port would come into effect from 12 February 2009. It has furnished a copy each of the said circular and the minutes of the meeting.
2.	**Steel Authority of India Limited (SAIL)**	
	We have put forth our views to VPT. We have not agreed for the rate announced by the port @ Rs.36/- per wagon. The above rates are very high for regular users like us.	
3.	**Visakhapatnam Customs Clearing Agent's Association**	
	Members had accepted the rate proposed i.e. per wheeler wagon (Rs.36/-) by the port. However, the members had requested VPT to provide a siding for rectifications in loading after the weighment. Without this facility the weighment would cause considerable hardship to our members.	No comments furnished.

2. A joint hearing in this case was held on 22 October 2009 at the VPT premises. At the joint hearing, VPT and the concerned users / organisation bodies have made the following submissions:

<u>Visakhapatnam Port Trust</u>

(i). We have fixed adhoc rates as agreed with users. Only Steel Authority of India Ltd. has some objection.

(ii). Our rate is not only to recover investment but also to cover the operating cost.

<u>Steel Authority of India Ltd.</u>

(i). At the proposed rate, VPT will recover the investment in one year.

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