(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

G No. 293 **New Delhi,** **15 October 2014**

NOTIFICATION

In exercise of the powers conferred under Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of the Chennai Port Trust for revision of estate rentals as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/12/2013 – CHPT

The Chennai port Trust **- - -** **Applicant**

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Chandra Bhan Singh, Member (Economic)

O R D E R
(Passed on this 30th day of September 2014)

This case relates to a proposal received from the Chennai Port Trust (CHPT) for revision of its estate rentals.

2.1. The lease rentals at the CHPT forms part of its Scale of Rates. The lease rentals at CHPT were last revised vide Order dated 22 March 2000. The lease rentals were not revised during the general review of tariff of CHPT in the year 2002.

2.2. During the general review of tariff of CHPT in the year 2006, the CHPT did not follow the method prescribed in the Government Land Policy guidelines to propose estate rentals and requested this Authority to revise the estate rentals, based on cost position. In this connection, this Authority, advised the CHPT to come up with a proposal formulated in line with the Government Policy Guidelines and till such time the CHPT was advised to implement the conditions prescribed in the policy guidelines like annual escalation, security deposit, etc. A general note in this regard was incorporated in the then existing Scale of Rates of CHPT.

2.3. Thereafter, the CHPT filed its proposal to revise the estate rentals in September 2008. The proposal was registered as a tariff case and processed by following the usual consultation procedure prescribed. In the said proposal, the CHPT had not considered all options as stipulated in the Land Policy Guidelines of 2004 to assess the market value for port lands. During the proceedings, the users expressed concern about the valuation of lands assessed by the CHPT and opposed to any increase in estate rental sought by the CHPT. The CHPT agreed to reassess the land valuation and informed that it had initiated steps to assess the market value of lands under all options specified in the Land Policy Guidelines and requested that the (then) existing Scale of Rates for estate rentals with applicable percentage of escalation may be permitted to be continued till the fresh proposal is approved.

2.4. Based on the submissions made by the CHPT, this Authority vide Order dated 10 November 2010 decided to close the case as withdrawn and permitted the CHPT to continue with the existing rates (along with accrued escalation) with escalation at applicable rates as per Government policy from time to time till the effective date of notification of the Order (to be) passed by this Authority on the proposal (to be) filed by the CHPT for revision of its estate rentals. The CHPT was directed to file its proposal before 31 December 2010.

2.5. Since there was no response from the CHPT, as directed by this Authority, the CHPT was advised vide d.o. letter No.TAMP/10/98-Misc. dated 2 November 2011 to expedite the submission of the proposal for revision of license fee/ lease rentals in accordance with the Land Policy for Major Ports issued by the Government of India.

3.1. In this backdrop, the CHPT vide its letter dated 19 February 2013 had submitted its proposal for revision of its Estate Rentals. The proposal was registered as a tariff case and processed by following the usual consultation procedure prescribed. As a part of consultation procedure, a joint hearing in this case in reference was held on 27 September 2013 at the CHPT premises.

3.2. As decided at the joint hearing, the CHPT was requested vide letter dated 1 October 2013 to approach its Board of Trustees once again for a solution with reference to proposed lease rentals, if it so desires, and convey the decision of the Board within one month and to furnish additional information/ clarifications sought by us vide letter dated 27 August 2013 and also to furnish its comments on the comments of the users. This was followed by reminders dated 17 December 2013 and 10 April 2014.

4. In the meantime, the Government of India in the Ministry of Shipping (MOS) announced Land Policy Guidelines for Major Port Trusts in January 2014.

5.1. In this backdrop, the CHPT vide its letter dated 19 April 2014 has responded to letter dated 1 October 2013. The CHPT vide its letter dated 19 April 2014 submitted a revised proposal for estate rentals as per 2014 Land Policy Guidelines, with revised cost statements and revised proposed draft Scale of Rates. The CHPT also responded to the queries raised by us vide letter dated 27 August 2013 and intimated that the reply to the queries have been furnished based on the revised proposal submitted as per Land Policy 2014.

5.2. Since there was a change in the revised proposal vis-à-vis the initial proposal, the revised proposal was also taken on consultation with the users. A joint hearing on the revised proposal submitted by the CHPT was held on 23 May 2014 at the CHPT premises. As decided at the joint hearing, the CHPT was advised vide letter dated 27 May 2014 to undertake a fresh valuation of its lands, if it so desires, and file its revised proposal latest by 31 July 2014.

5.3. In response to letter dated 27 May 2014, the CHPT vide its letter dated 4 August 2014 has stated that the work relating to valuation of CHPT's lands and buildings has already been awarded to a Valuer Firm and the report is yet to be received from the firm. Hence, the CHPT has requested to extend the time for further two months i.e. till 30 September 2014, in order to send the revised proposal based on the fresh Valuation.

6.1. Since the port has already initiated action by appointing a Land Valuer and has reported to be awaiting the Land Valuation Report, this Authority is inclined to grant time upto 31 October 2014 to CHPT to file the estate revision proposal.

6.2. In this connection, it is relevant to mention here that in any case, the revised estate revision proposal to be filed by the CHPT will require fresh consultation with all the concerned stakeholders and will also require fresh scrutiny of the proposal. In such a scenario, it is not felt appropriate to keep the existing estate revision proposal pending. Therefore, this Authority closes the existing estate revision proposal of CHPT for want of revised proposal from CHPT. The revised proposal as and when received from the CHPT, shall be processed fresh.

6.3. The CHPT is allowed to continue with the existing rates with escalation at applicable rates as per the Government policy from time to time till the fresh proposal to be filed by the CHPT for revision of its estate rentals is disposed of by this Authority.

7. In the result, and for the reasons given above, and based on a collective application of mind, this Authority decides to close this case and permit the CHPT to continue with the existing rates (alongwith accrued escalation) with escalation at applicable rates as per the Government policy from time to time till the effective date of implementation of the Notification of Order (to be) passed by this Authority on the revised proposal (to be) filed by the CHPT for revision of its estate rentals. The CHPT is directed to file its revised proposal latest by 31 October 2014.

(T.S. Balasubramanian)
Member (Finance)