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TARIFF AUTHORITY FOR MAJOR PORTS

G No. 7

New Delhi,

11 January 2011

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.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/47/2008 – CHPT

The Chennai port Trust

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Applicant

ORDER

(Passed on this 10th day of November 2010)

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

2. The Government of India in the (then) Ministry of Shipping, Road Transport & Highways (MSRTH) announced Land Policy Guidelines for Major Port Trusts in March 2004. The method of fixing license fee / lease rental for port lands is specifically prescribed in the Government Policy guidelines.

3. The existing Scale of Rates of CHPT was last reviewed in the year 2006 vide Order dated 30 March 2006. During the last general review in 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 rates of estate rentals, based on cost position. This Authority, therefore, 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 existing Scale of Rates of CHPT. The existing Scale of Rates of CHPT also stipulates that the license fee / lease rental shall bear an escalation at a rate of 2% per annum.

4. In this backdrop, the CHPT filed its proposal to revise upwards the estate rentals. The proposal received from the CHPT in September 2008 along with the conditionalities governing the application of rates subsequently furnished by CHPT was registered as a tariff case and processed following the usual consultation procedure prescribed. Subsequently, the CHPT while furnishing its updated proposal for general revision of its Scale of Rates vide its letter dated 24 June 2010, updated the cost statement relating to its estate activity.

5.1. As stated earlier, the Land Policy Guidelines specifically prescribe the method of fixing license fee / lease rental for port lands. However, the CHPT has considered the Guideline value of the land fixed by the State Government for a particular place for calculation of market value of all port land. It did not consider the other options stipulated in the land policy guidelines to assess the market value. Despite an advice rendered as early as in May 2009 to assess the market value of land under all the options specified in the Land Policy Guidelines issued by the Government, followed by a reminder, the ChPT did not re-assess the market value as required.

5.2. 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.

6. A joint hearing in this case was held at the CHPT premises on 29 June 2010. The CHPT made a power point presentation of its proposal. Most of the users present in the joint hearing critically commented about the valuation of lands assessed by the CHPT. The CHPT agreed to reassess the land valuation and requested one month time to complete the valuation and file its revised proposal.

7. After reminders, the CHPT responded vide its letter dated 12 August 2010 and informed that it has initiated steps to assess the market value of its lands under all options specified in the Land Policy Guidelines. It has, therefore, requested that the present Scale of Rates for estate rentals with applicable percentage of escalation may be permitted to be continued till the fresh proposal is approved. The CHPT has also requested that the proposals filed on 18 September 2008 and 24 June 2010 for revision of estate rentals may be treated as withdrawn.

8. Since the CHPT has agreed to reassess the market value of its land under all options stipulated in the Land Policy Guidelines and keeping in view that the port has initiated steps to file a fresh proposal framed as per the norms prescribed in the Land Policy Guidelines, this Authority is inclined to close the case in reference and treat the CHPT's proposal for review of its estate rentals as withdrawn. This Authority is inclined to accept the request of the CHPT to continue with the existing rates with annual escalation at applicable rates already accrued as per the Government policy from time to time and annual escalation that may accrue till the fresh proposal to be filed by the CHPT to review its estate rentals is disposed off by this Authority.

9. In the result, and for the reasons given above, and based on a collective application of mind, this Authority decides to close this case as withdrawn and permits 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 Notification of Order (to be) passed by this Authority on the proposal (to be) filed by the CHPT for revision of its estate rentals. The CHPT is directed to file its revised proposal before 31 December 2010.

(Rani Jadhav)
Chairperson