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Tariff Authority for Major Ports

G.No.476 **New Delhi,** **18 October 2021**

NOTIFICATION

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Cochin Port Trust (COPT) for revision of lease rentals of port land for the period from 2021-2026 of COPT as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No.TAMP/35/2021-COPT

Cochin Port Trust **- - - - -** **Applicant**

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Sunil Kumar Singh, Member (Economic)

O R D E R

(Passed on this 15th day of September 2021)

This case relates to the proposal received from the Cochin Port Trust (COPT) for revision of lease rentals of port land for the period from 2021-2026.

2. The revision of lease rent of the COPT land was last approved by this Authority vide Order No.TAMP/73/2015-COPT dated 21 June 2016 and notified vide Gazette No.304 dated 22 July 2016. The revised lease rent approved in the said Order came into effect from 21 August 2016 and is valid for five years i.e. upto 20 August 2021.

3. In this backdrop, the COPT vide its letter No.FD/Costings/SoR Revisions/Land/2021 dated 18 June 2021 has filed its proposal for revision of lease rentals of port land for the period from 2021-2026. The COPT has made the following submissions in its proposal:

(i). As per the Para 13 (c) of the Policy Guidelines for Land Management by Major Ports (PGLM) 2015, issued by the Government of India, the SOR would be re-fixed once in every 5 years by this Authority. Towards this, the COPT would make a proposal to this Authority for fixing the latest SOR of the land.

(ii). Para 13 (a) of PGLM, 2015 prescribes the procedure for making the proposal for fixing the latest SOR, whereby the Land Allotment Committee (LAC) may normally take into account the highest of the factors mentioned below to determine the latest market value of port land. Also, in case the LAC is not choosing the highest factor, the reasons for the same have to be recorded in writing.
   (a). State Government's read reckoner of land values in the area, if available for similar classification / activities.
   (b). Highest rate of actual relevant transactions registered in last three years in the port's vicinity (the vicinity of the port is to be decided by the respective Port Trust Board), with an appropriate annual escalation rate to be approved by the Port Trust Board.
   (c). Highest accepted tender-cum-auction rate of port land for similar transactions, updated on the basis of the annual escalation rate approved by the Port Trust Board.
   (d). Rate arrived at by an approved Valuer appointed for the purpose by the Port.
   (e). Any other relevant factor as may be identified by the port.

(iii). Para 13 (b) of PGLM 2015 stipulates that the Reserve Price in terms of annual lease rent would be the latest SOR determined accordingly, which would in no case be less than 6% of the latest market value recommended by the Port Trust.

(iv). Pursuant to the recommendation in the PGLM, 2015, COPT appointed an approved Valuer, M/s. Ravi Associates, Mangalore, through e-tender for valuation of port land for determining the SOR 2021-26 for land rentals under the existing categories, and also under the new category of 'Industrial Purpose'.

(v). The approved valuer considered the Sales Comparison Approach/ Market Approach as the appropriate methodology to arrive at the valuation of the land asset, and adopted the same for valuation of port land. The valuer considered market value of an asset, as per the standard definition, as 'the estimated amount for which a property should exchange on the date of valuation between a wiling buyer and a wiling seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion', under the said approach of valuation.

(vi). The approved valuer, in line with the prescription in PGLM, 2015, analysed the 'State Government's Ready Reckoner of land values in the area', the 'Highest rate of actual relevant transactions registered in the last three years in the port's vicinity; and the 'Highest accepted tender-cum-auction rate of port land for similar transactions' for the purpose of valuation.

(vii). With respect to 'the vicinity of the port to be decided by the respective Port Trust Boards' as prescribed at Para 13(a) (ii) of PGLM 2015, the Board of COPT, vide Resolution No.170 dated 21 December 2014, had resolved, that the following Revenue Villages of Ernakulam District are specified to constitute 'the vicinity', where transactions registered in the last three years will be considered for fixation of land value for lease of port land in the following areas, as under:

Port Land	Revenue Village
Willingdon Island	Thoppumpady & Rameswaram
Vallarpadam & Bolgatty	Mulavukadu
Puthuvypeen	Puthuvypu & Elamkunnapuzha
Palluruthy	Palluruthy
Fort Kochi	Fort Kochi
Thevara & Ernakulam	Elamkulam & Ernakulam

(viii). The Board had also fixed the rate of annual escalation of land rentals at COPT at 2% per year, compoundable, with respect to Para 13(c) of PGLM, 2015 vide the same Resolution No.170 dated 21 February 2014 above.

(ix). As the COPT land falls under the category of Government Property, for which fair value is not available, the valuer compiled the highest fair value of the properties in the respective villages in the vicinity of the port land from the website of the Registration Department, Government of Kerala.

(x). Similarly, the valuer tabulated the highest rate of actual relevant transactions registered in the last three years in the port's vicinity through collecting the certified copies of sale deed of the properties in the respective villages in the vicinity of the port land from the website of the sub Registrar's Office.

(xi). The valuer observed that there are major differences between the COPT land and the land in the vicinity such as

(a). incomparable nature of port land vs. the land listed under the Ready Reckoner rates of the State Government;

(b). leasehold land of Ports vs. freehold land in the vicinity, which undergo transactions fetching high value;

(c). relatively large size of plots of COPT land vs. small plots outside the port under transactions.

The above factors render the 'State Government's Ready Reckoner of land values in the area' and the 'Highest rate of actual relevant transactions registered in the last three years in the Port's vicinity, unsuitable standards for deriving the value of port land.

(xii). The valuer also charted the highest accepted tender-cum-auction rate of port land for similar transactions based on the data provided by the port for annual and upfront leases for 30 years and standardizing the rates into annual lease rent after factoring in the premium received for the land in the tender.

(xiii). With respect to the Highest Accepted tender-cum-auction rate of port land for determining the value of port land, the valuer observed that being market discovered, the values are more realistic. However, the valuer pointed out the limitations in adopting the 'Highest Accepted tender-cum-auction rate of Port Land' for determining the value of the port land across the board as the plots that obtained high rates in tender-cum-auction had unique features and characteristics that fetched them high value, and therefore, it is not realistics to expect such high rates to be obtained for other plots of land. Moreover, these high rates were limited to selected locations of the port land which cannot be adopted to the entire port land in multiple locations.

(xiv). The valuer has also considered the prevailing rates in the competing neighbouring ports of Tuticorin (VOCPT) and New Mangalore (NMPT).

(xv). The valuer, therefore, adopted a more feasible method in the form of Cost Inflation Index (CII) for determining the latest market value of port land based on the value of land as in 2016-17, as per the base valuation in force. The CII, notified by the Ministry of Finance, Government of India, is used to estimate the increase in the prices of goods and assets year-by-year due to inflation. The Valuer, in this regard, considered the need of the port to monetize the land and to earn revenue without being left without any takers for the land; and the market potential of port land for lease in comparison with the land available in the vicinity, available for lease or sale. The CII for the relevant years is given below:

Sl. No.	Year	CII	Land Value
1	2016-17	264	X
2	2017-18	272	(272-264) / 264 * X
3	2018-19	280	(280-264) / 264 * X
4	2019-20	289	(289-264) / 264* X
5	2020-21	301	(301-264) / 264 * X
6	2021-22	309 (Valuer's estimate)	(309-264) / 264 * X

(xvi). The CII has increased from 264 in 2016-17 to 301 in 2020-21. The valuer has estimated the CII for 2021-22 at 309 with the COVID-19 Pandemic induced slump. Thus, the increase of CII from 2016-17 for 2021-22 is 17.05% (309-264) / 264). Therefore, the valuer adopted the hike of 17.05% for the value of the port land in 2021-22, in general, vis-à-vis the same in 2016-17.

(xvii). (a). The valuer made special consideration for the three plots in south end, Willingdon Island along the NH 966B; A17 (39.88 ha), A18 (7.55 ha) and A19 (22.38 ha), which have excellent connectivity, and are closer to the Ernakulam city. These plots can be developed for various projects of high potential, and therefore, the valuer estimated higher value for the said plots vis-à-vis other plots in Willingdon Island.

(b). Similarly, two smaller plots of land at Chathyath, within 2.0 km from the commercial and business centre of Ernakulam city; the Ernakulam-GIDA land (3.51 ha) and the Ernakulam – Pachalam land (0.30 had) are estimated a higher value, considering their high potential for developments.

The valuer has observed that part of the Ernakulam-GIDA land may be declared as Buffer Zone for the 'Mangalavanam Bird Sanctuary', Ernakulam near the said land in the future, which would impact its potential. The Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India, in order to conserve and protect the Mangalavanam Bird Sanctuary, Ernakulam, has notified on 07 September 2020 the extent and boundaries of the Sanctuary which are specified as Eco-sensitive Zone from ecological, environmental and biodiversity point of view and to prohibit industries or class of industries and their operations and processes in the said Eco-sensitive zone. As provided in the notification, COPT has represented vide its letter dated 27 October 2020 to the MoEFCC for exempting its land from the said Buffer Zone (Eco-sensitive zone).

The valuer has also noted that the Ernakulam - Pachalam land is considered by Coastal Regulation Zone (CRZ) restrictions, which would reduce the value for this otherwise high potential land. The valuer, therefore has estimated a lower value for the possible Buffer Zone of the Ernakulam-GIDA land, and the Ernakulam-Pachalam land at 40% of the value of the other part of Ernakulam-GIDA land. Theses plots have been estimated value without categorization, considering their varied potential.

(xviii). Regarding valuation of land under the new category of 'Industrial Purpose' in addition to the existing categories, the value observed that the valuation of land for 'Industrial Purpose' is the same as valuation for 'Warehouse Purpose', which is an existing category, and therefore, separate valuation is not warranted. The valuer has assessed the market value of port land as in the year 2021-22, as under:

(**In ₹ / hectare**)

S. No.	Location	Land with water frontage for berth & backup	Commercial / Office Purpose	Warehouse/ Industrial Purpose	Special Residential Purpose	Hospitality Purpose
1	Willingdon Island	6,02,73,220	5,02,27,696	4,01,82,153	3,76,70,767	5,48,24,601
1.a.	Willingdon Island-South End-A17 Plot	5,20,87,733				
1.b.	Willingdon Island-South End-A18 & A19 Plots	8,73,96,733				
2.	Vallarpadam – SEZ Area	8,43,82,496	7,03,18,763	5,62,55,030	NA	NA
2.a.	Vallarpadam-SEZ Area	9,70,39,893	8,08,66,587	6,46,93,242	NA	NA
3	Puthuvypeen Non-SEZ Area	5,82,64,135	4,85,53,432	3,88,42,730	NA	NA
3.a.	Puthuvypeen-SEZ Area	6,70,03,731	5,58,36,440	4,46,69,148	NA	NA
4	Fort Kochi	6,42,91,429	5,35,76,204	NA	4,28,60,979	5,84,79,565
5	Bolgatty	NA	7,03,18,763	5,62,55,030	NA	7,67,54,426
6	Ernakulam-GIDA	11,88,14,533				
6.a.	Ernakulam – GIDA (Buffer Zone, if declared so) & Ernakulam – Pachalam)	4,75,25,813				
6.b.	Ernakulam-Cochin Shipyard	NA	NA	4,82,18,591	NA	NA
6.c.	Ernakulam-Thevara Ferry	7,83,55,201	6,02,73,220	NA	NA	NA

(xix). As regards License Fee, the valuer observed that the rate for Covered Space (Warehouse) is relatively low vis-à-vis the rates for Open Area and Building Space for Office Accommodation. Therefore, the Valuer suggested an increase of 7% in License Fee over the SOR as in 2021-22, in line with the general increase of 6.84% in Lease Rent, only for Covered Space while keeping the other rates unchanged.

(xx). (a). The LAC comprising of Deputy Chairman, Secretary, Traffic Manager, and FA & CAO met on 04 May 2021 to determine and recommend the market value of port land for determination of SOR as per the provisions of PGLM, 2015. On consideration of the Report of the Valuation of Port land done by the approved Valuer, the LAC recommended to accept the value of land arrived at by the valuer, and to fix the land rentals accordingly.

(b). Lease rentals have been drawn at 6% of the latest market value recommended by the Port Trust as per Para 13 (b) of PGLM 2015.

(c). In the case of License Fee, the LAC reviewed the suggestion of the valuer and recommended a marginal increase of 2% for the two categories of Open Area and Building Space for office Accommodation while increasing the rate for Covered Space by 7%, as suggested by the Valuer.

(d). The LAC noted that the License Fee for storage of cargo at the 'Specified Transit Area' on weekly basis will be aligned to the above rates, at the proportion of 7/30 of the above rates.

(e). Regarding Way leave charges for Pipelines, TV and Telephone Cables, the LAC recommended to have the charges increased by 6.84% over the SOR as in 2021-22 as in the case of lease rentals.

(f). The lease rent / license fee recommended by the LAC is as follows:

(i). **Port Land – Lease Rent**

(Derived @ 6% of the Market Value of Port Land as in 2021-22)

(in ₹ per hectare per annum)

S. No.	Location	Land with water frontage for berth & backup	Commercial / Office Purpose	Warehouse/ Industrial Purpose	Special Residential Purpose	Hospitality Purpose
1	Willingdon Island (excluding A17, A18 & A19 Plots)	36,16,393	30,13,662	24,10,929	22,60,246	32,89,476
1.a.	Willingdon Island-South End-A17 Plot	31,25,264				
1.b.	Willingdon Island-South End-A18 & A19 Plots	52,43,804				
2.	Vallarpadam – Non-SEZ Area	50,62,950	42,19,126	33,75,302	NA	NA
2.a.	Vallarpadam-SEZ Area	58,22,394	48,51,995	38,81,595	NA	NA
3	Puthuvypeen Non-SEZ Area	34,95,848	29,13,206	23,30,564	NA	NA
3.a.	Puthuvypeen-SEZ Area	40,20,224	33,50,186	26,80,149	NA	NA
4	Fort Kochi	38,57,486	32,14,572	NA	25,71,659	35,08,774
5	Bolgatty	NA	42,19,126	33,75,302	NA	46,05,266
6	Ernakulam-GIDA	71,28,872				
6.a.	Ernakulam – GIDA (Buffer Zone, if declared so) & Ernakulam – Pachalam	28,51,549				
6.b.	Ernakulam-Cochin Shipyard	NA	NA	28,93,115	NA	NA
6.c.	Ernakulam-Thevara Ferry	47,01,312	36,16,393	NA	NA	NA

(ii). **Port Land – License Fee**

S. No.	Category	₹ per Sq. m per month or part thereof
1	Open Area	45.82
2	Covered Area (Warehouse)	60.96
3	Building Area for Office / Commercial Purpose	194.44

(xxi). The SOR shall be escalated by 2% per year cumulatively till such time the rate is revised with the approval of the Competent Authority.

(xxii). The proposal was approved by the Board of COPT in the meeting dated 20 May 2021. A copy of Board Resolution is furnished by COPT alongwith its proposal.

4. Based on the recommendation of the LAC and approval of the Board of Trustees of the COPT, the revised lease rent of port land at various locations proposed by COPT is given below:

(i). **Lease rent – Port land:**

(in ₹ per hectare per annum)

S. No.	Location	Land with water frontage for berth & backup	Commercial / Office Purpose	Warehouse /Industrial Purpose	Special Residential Purpose	Hospitality Purpose

1	Willingdon Island (excluding A17, A18 & A19 Plots)	36,16,393	30,13,662	24,10,929	22,60,246	32,89,476
1.a.	Willingdon Island-South End-A17 Plot	31,25,264				
1.b.	Willingdon Island-South End-A18 & A19 Plots	52,43,804				
2.	Vallarpadam – Non-SEZ Area	50,62,950	42,19,126	33,75,302	NA	NA
2.a.	Vallarpadam-SEZ Area	58,22,394	48,51,995	38,81,595	NA	NA
3	Puthuvypeen Non-SEZ Area	34,95,848	29,13,206	23,30,564	NA	NA
3.a.	Puthuvypeen-SEZ Area	40,20,224	33,50,186	26,80,149	NA	NA
4	Fort Kochi	38,57,486	32,14,572	NA	25,71,659	35,08,774
5	Bolgatty	NA	42,19,126	33,75,302	NA	46,05,266
6	Ernakulam-GIDA	71,28,872				
6.a.	Ernakulam – GIDA (Buffer Zone, if declared so) &Ernakulam – Pachalam	28,51,549				
6.b.	Ernakulam-Cochin Shipyard	NA	NA	28,93,115	NA	NA
6.c.	Ernakulam-Thevara Ferry	47,01,312	36,16,393	NA	NA	NA

Note: For computing the rate per acre per year, the rate per hectare per year shall be divided by 2.471.

(ii). **License Fee for Open / Covered Area at areas other than Transit Area specified vide Section 8.2.1 of the SOR; and Building Area at Transit Area and other than Transit Area**

S. No.	Category	₹ per Sq m per month or part thereof
1	Open Area	45.82
2	Covered Area (Warehouse)	60.96
3	Building Area for Office / Commercial Purpose	194.44

(iii). **License Fee for Open / Covered Area for Storage of Cargo at the specified Transit Area**

Transit Area inside the compound wall of Mattancherry Wharf and Ernakulam Wharf, which is custom bonded, will be allotted for storage of cargo to the owners of cargo or their agents on license basis in lieu of demurrage, if warranted. COPT shall allot such area subject to availability and on payment of Wharfage for the entire cargo at the time of allotment of storage area. Such allotment shall be vessel-wise and license fee shall be recovered at the rates specified below:

S. No.	Duration	₹ per Sq m per week or part thereof	
		Open Area	Covered Area (Warehouse)
1	Up to 8 Weeks	10.69	14.22
2	9^{th} Week onwards	12.83	17.06

The cargo thus stored shall remain at the sole risk and responsibility of the owners of cargo or their agents and they shall be responsible for any claims arising in respect thereof during the period of storage.

The aforesaid shall not preclude COPT from allotting the Transit Area for purposes related to cargo/vessel operations such as storage of equipment, ship's spares, etc.

COPT will have the option to allot the Warehouses No.1, 2, 3, 4 & 6, outside the compound wall of Mattancherry Wharf and Ernakulam Wharf under Transit Area at the tariff applicable for Transit Area.

COPT shall also permit the owners of cargo or their agents to move the cargo directly from the wharf and stack the same in the Port area other than the Transit Area on license basis at the rates specified at 8.2 of the SOR. The cargo availing such storage shall pay Wharfage for the entire quantity before being moved out of the wharf. The cargo thus stored shall remain at the sole risk and responsibility of the owners of cargo or their agents and they shall be responsible for any claims arising in respect thereof during the period of storage.

Note to Section 8.2.1: Minimum charge applicable for allotment under Transit Area shall be ₹250 per week.

(iv). **Way leave charges for laying pipelines through Port land**

Description	Unit of Measurement	Rate (in ₹)
For laying pipelines through port land	Per Sq m per year for the area occupied by pipeline	488

(v). **Way leave charges for TV and Telephone cable lines**

S. No.	Description	Unit of Measurement	Rate (in ₹)
1	For TV cable lines	Per Kilometer or part thereof per year	4745
2	For Telephone cable lines		5853

Note to Sections (iv) and (v) : As per the ‘Broad Terms and Conditions for issuance of Right of way Permission for laying Pipelines / Conveyors, etc.’ of the Policy Guidelines for Land Management by Major Ports (PGLM), 2015, facility compensation or right of way charges shall be paid by all parties. For the purpose of recovery of way leave charges, the area occupied by the pipelines shall be calculated based on the diameter and length of those pipelines. In the case of multilayer stacks, the physical area occupied by the multilayer pipeline/conveyor stacks shall be considered and the respective users shall be billed for the pro rata area. As far as underground pipelines are concerned, if the users establish that the possession of surface area above the underground cross-country pipelines is not physically with them, the area occupied by such pipelines shall be considered at 50% of the product of the diameter and length, for the purpose of levy of way leave charges.

Sub Lease

The existing lease holder having valid lease at the time of issue of PGLM, 2015 on 02 January 2014 will be allowed to sublet/partially sublet the leased premises to another party for the same purpose for which it was originally allotted. Also, such subletting shall be in accordance with the Land Use Plan of the Port, and before allowing this, the Port shall recover 50% of the rent charged by the lessee from the sub-lessee for the entire period of sub lease irrespective of the fact whether the land was originally allotted on upfront basis or annual rental basis. The original lessee will continue to remain responsible for payment of lease rent and for adherence to the terms and conditions of lease.
The leased premises also include structures built on leased land for the purpose of recovery of subletting fee.

No subletting / sublease is allowed for leases which are entered into after the coming into effect of PGLM, 2015, and in cases, where the lessee is not able to utilize the entire land, the portion of the leased premises not required by the lessee should be surrendered to the Port. However, subletting / sublease shall be permitted for leases of land to entities such as FTZ / SEZ, Multimodal Logistics Parks, Mega

Food Parks, FTWZs, etc., where the business model is based on subletting, and no subletting fee shall be levied in such cases.

General Notes

(a). The rates prescribed shall be applicable after the expiry of 30 days from the date of notification of the order in the Gazette of India, and will be valid for a period of 5 years.

(b). The rates shall be escalated by 2% per year cumulatively till such time the rate is revised with the approval of the Competent Authority.

(c). Lease Rent / License Fee for water area will be 50% of the Lease Rent / License Fee of the abutting land for the relevant category. In the absence of abutting Port land, the rates will be computed at 50% of the Lease Rent / License Fee applicable for the Port land at the nearest location for the relevant category.

(d). The rates applicable for lease of Covered Area (Warehouse) and Building Area for Office / Commercial Purpose shall be the License Fee for Covered Area (Warehouse) and Building Area for Office / Commercial Purpose, respectively, as specified at Section 8.2 of the SOR.

(e). The other conditions governing the rates for lease and license shall be as per the PGLM, 2015, as amended from time to time.

5. The COPT has furnished a copy each of the Valuer's Report of March 2021, Minutes of LAC meeting, Board Resolution and the list of users to be consulted which was subsequently revised by the port vide its email dated 25 June 2021.

6. The COPT vide its email dated 24 June 2021 has also furnished a comparison of lease rent approved by this Authority vide Order No.TAMP/73/2015-COPT dated 21 June 2016, Lease rent duly escalated as on the date prior to the date when revision is sought applying 2% annual escalation and proposed lease rent as tabulated below:

Current and Proposed Scale of Rates						
S. No.	**Category**	**Remarks**	**Lease rent as per last revision approved vide Order dated 21 June 2016 effective from 21 August 2016**	**Lease rent duly escalated (9.56%) as on the date prior to the date when revision is sought (i.e. as on 20.08.2021)**	**Proposed Lease Rent w.e.f. 21 August 2021**	**% increase/ decrease (3-2/2)**
			Rate in ₹. per ha per year			
			(1)	(2)	(3)	(4)
1	**Land with Water frontage for Berth & Back up**					
(a)	Willingdon Island excluding A17, A18 & A19 Plots		30,89,614	33,84,981	36,16,393	6.84%
(b)	Willingdon Island-South End-A17 Plot	Separate Rate newly proposed without categorisation	NA	NA	31,25,264	Newly Proposed
(c)	Willingdon Island- South End- A18 & A19 Plots	Separate Rate newly proposed without categorisation	NA	NA	52,43,804	Newly Proposed
(d)	Vallarpadam - Non SEZ Area		43,25,459	47,38,973	50,62,950	6.84%
(e)	Vallarpadam - SEZ Area		49,74,279	54,49,820	58,22,394	6.84%
(f)	Puthuvypeen - Non SEZ Area		29,86,628	32,72,150	34,95,848	6.84%
(g)	Puthuvypeen - SEZ Area		34,34,621	37,62,971	40,20,224	6.84%
(h)	Fortkochi		32,95,588	36,10,646	38,57,486	6.84%
(i)	Bolgatty		NA	NA	NA	NA
(j)	Ernakulam- GIDA/ Pachalam		NA	NA	NA	NA
(k)	Ernakulam- GIDA	Separate Rate newly proposed without categorisation	NA	NA	71,28,872	Newly Proposed

(l)	Ernakulam- GIDA (Buffer Zone, if declared so) & Ernakulam- Pachalam	Separate Rate newly proposed without categorisation	NA	NA	28,51,549	Newly Proposed
(m)	Ernakulam- Cochin Shipyard		NA	NA	NA	NA
(n)	Ernakulam - Thevara ferry		40,16,499	44,00,476	47,01,312	6.84%
2	**Commercial Purpose**					
(a)	Willingdon Island		25,74,679	28,20,818	30,13,662	6.84%
(b)	Willingdon Island- South End- A17 Plot	Separate Rate newly proposed without categorisation	NA	NA	31,25,264	Newly Proposed
(c)	Willingdon Island- South End- A18 & A19 Plots	Separate Rate newly proposed without categorisation	NA	NA	52,43,804	Newly Proposed
(d)	Vallarpadam - Non SEZ Area		36,04,550	39,49,145	42,19,126	6.84%
(e)	Vallarpadam - SEZ Area		41,45,233	45,41,517	48,51,995	6.84%
(f)	Puthuvypeen - Non SEZ Area		24,88,856	27,26,791	29,13,206	6.84%
(g)	Puthuvypeen - SEZ Area		28,62,184	31,35,809	33,50,186	6.84%
(h)	Fortkochi		27,46,324	30,08,873	32,14,572	6.84%
(i)	Bolgatty		36,04,550	39,49,145	42,19,126	6.84%
(j)	Ernakulam- GIDA/ Pachalam		39,47,841	43,25,255	NA	NA
(k)	Ernakulam- GIDA	Separate Rate newly proposed without categorisation	NA	NA	71,28,872	Newly Proposed
(l)	Ernakulam- GIDA (Buffer Zone, if declared so) & Ernakulam- Pachalam	Separate Rate newly proposed without categorisation	NA	NA	28,51,549	Newly Proposed
(m)	Ernakulam- Cochin Shipyard		NA	NA	NA	NA
(n)	Ernakulam - Thevara ferry		30,89,614	33,84,981	36,16,393	6.84%
3	**Warehouse Purpose**					
(a)	Willingdon Island		20,59,743	22,56,654	24,10,929	6.84%
(b)	Willingdon Island- South End- A17 Plot	Separate Rate newly proposed without categorisation	NA	NA	31,25,264	Newly Proposed
(c)	Willingdon Island- South End- A18 & A19 Plots	Separate Rate newly proposed without categorisation	NA	NA	52,43,804	Newly Proposed
(d)	Vallarpadam - Non SEZ Area		28,83,641	31,59,317	3,375,302	6.84%
(e)	Vallarpadam - SEZ Area		33,16,185	36,33,212	38,81,595	6.84%
(f)	Puthuvypeen - Non SEZ Area		19,91,084	21,81,432	23,30,564	6.84%
(g)	Puthuvypeen - SEZ Area		22,89,747	25,08,647	26,80,149	6.84%
(h)	Fortkochi		NA	NA	NA	NA
(i)	Bolgatty		28,83,641	31,59,317	33,75,302	6.84%
(j)	Ernakulam- GIDA/ Pachalam		NA	NA	NA	NA
(k)	Ernakulam- GIDA	Separate Rate newly proposed without categorisation	NA	NA	71,28,872	Newly Proposed
(l)	Ernakulam- GIDA (Buffer Zone, if declared so) & Ernakulam- Pachalam	Separate Rate newly proposed without categorisation	NA	NA	28,51,549	Newly Proposed
(m)	Ernakulam- Cochin Shipyard		24,71,692	27,07,986	28,93,115	6.84%
(n)	Ernakulam - Thevara ferry		NA	NA	NA	NA
4	**Special Residential Purpose**					
(a)	Willingdon Island		19,31,009	21,15,613	22,60,246	6.84%
(b)	Willingdon Island- South End- A17 Plot	Separate Rate newly proposed without categorisation	NA	NA	31,25,264	Newly Proposed
(c)	Willingdon Island- South End- A18 & A19 Plots	Separate Rate newly proposed without categorisation	NA	NA	52,43,804	Newly Proposed
(d)	Vallarpadam - Non SEZ Area		NA	NA	NA	NA
(e)	Vallarpadam - SEZ Area		NA	NA	NA	NA
(f)	Puthuvypeen - Non SEZ Area		NA	NA	NA	NA
(g)	Puthuvypeen - SEZ Area		NA	NA	NA	NA
(h)	Fortkochi		21,97,060	24,07,099	25,71,659	6.84%
(i)	Bolgatty		NA	NA	NA	NA
(j)	Ernakulam- GIDA/ Pachalam		NA	NA	NA	NA
(k)	Ernakulam- GIDA	Separate Rate newly proposed without categorisation	NA	NA	71,28,872	Newly Proposed
(l)	Ernakulam- GIDA (Buffer Zone, if declared so) & Ernakulam- Pachalam	Separate Rate newly proposed without categorisation	NA	NA	28,51,549	Newly Proposed

(m)	Ernakulam- Cochin Shipyard		NA	NA	NA	NA
(n)	Ernakulam - Thevara ferry		NA	NA	NA	NA
5	**Hospitality Purpose**					
(a)	Willingdon Island		28,10,317	30,78,983	32,89,476	6.84%
(b)	Willingdon Island- South End- A17 Plot	Separate Rate newly proposed without categorisation	NA	NA	31,25,264	Newly Proposed
(c)	Willingdon Island- South End- A18 & A19 Plots	Separate Rate newly proposed without categorisation	NA	NA	52,43,804	Newly Proposed
(d)	Vallarpadam - Non SEZ Area		NA	NA	NA	NA
(e)	Vallarpadam - SEZ Area		NA	NA	NA	NA
(f)	Puthuvypeen - Non SEZ Area		NA	NA	NA	NA
(g)	Puthuvypeen - SEZ Area			NA	NA	NA
(h)	Fortkochi		29,97,671	32,84,248	35,08,774	6.84%
(i)	Bolgatty		39,34,443	43,10,576	46,05,266	6.84%
(j)	Ernakulam- GIDA/ Pachalam		43,09,152	47,21,107	NA	NA
(k)	Ernakulam- GIDA	Separate Rate newly proposed without categorisation	NA	NA	71,28,872	Newly Proposed
(l)	Ernakulam- GIDA (Buffer Zone, if declared so) & Ernakulam- Pachalam	Separate Rate newly proposed without categorisation	NA	NA	28,51,549	Newly Proposed
(m)	Ernakulam- Cochin Shipyard		NA	NA	NA	NA
(n)	Ernakulam - Thevara ferry		NA	NA	NA	NA

7.1. In accordance with the consultation process prescribed, a copy of the COPT proposal received vide email dated 18 June 2021 and subsequent email dated 24 June 2021 was circulated vide our letter dated 29 June 2021 to the users/ user organisations forwarded by COPT vide its email dated 25 June 2021 seeking their comments. A copy of each of the comments received from the users/ user organisations / lessees were forwarded to the COPT as feedback information. The COPT vide its email dated 22 July 2021 has furnished its comments.

7.2. Subsequently, M/s.FTPL vide its letter dated 14 July 2021 has requested to grant the extension of time till 28 July 2021 to furnish further detailed comments. In response we have vide our letter dated 22 July 2021 granted an extension of time up to 26 July 2021 to furnish its comments to TAMP with a copy endorsed to COPT also and COPT was requested to furnish its comments on the further comments to be furnished by FTPL by 28 July 2021. No further comments are received from FTPL till finalization of the case.

8.1. The general note (2) in the lease rent schedule last approved by this Authority in June 2016 stipulate that after expiry of one year from the date of implementation of the Order, the rates shall be escalated by 2% per annum till such time the rate is revised with the approval of the Competent Authority. The COPT vide its email dated 03 August 2021 has made the following submission as regards compoundable escalation of 9.56% applied by the port to arrive at the prevailing lease rent considering 2% annual escalation factor prescribed by this Authority in the Order dated 21 June 2016:

(i). COPT has been following the system of effecting the annual compounded escalation on lease rent and license fee on the 1st of April of each year since 2009. This was found convenient in the SAP system used by COPT for billing. The annual compounded escalation applied by the COPT on the lease rent approved by this Authority in June 2016 Order to arrive at the prevailing lease rent levied by the port as furnished by the port is as tabulated below:

S. No.	**Period**		**% of cumulative escalation**
	From	**To**	
1	21.08.2016	31.03.2017	0
2	01.04.2017	31.03.2018	1.22 *
3	01.04.2018	31.03.2019	3.24
4	01.04.2019	31.03.2020	5.31
5	01.04.2020	31.03.2021	7.42
6	01.04.2021	31.03.2022	9.56

* The figure of 1.22% for the period from 01 April 2017 to 31 March 2018 is derived proportionately by the port for the escalation of 2% for the period from 21 August 2016 to 31 March 2017 (223 days); [(223/365) x 2] = 1.22%. Thereafter, it is uniformly escalated @ 2%, as shown in the table above.

The port has stated that the lessees and licensees are informed of the base Rate as on 21 August 2016, as approved by TAMP, and the rate applicable after escalation at the time of offer / allotment of land / structures on lease / license through tender or nomination.

8.2. Further, COPT vide it's another email dated 03 August 2021 has requested that the validity of the prevailing lease rent, due for expiry on 20 August 2021, may kindly be extended until the revised lease rates comes into effect.

9. A joint hearing in this case was held on 12 July 2021 through Video Conferencing. The COPT made a power point presentation and has also furnished a copy of the presentation vide its email dated 12 July 2021. The COPT and the concerned users / user organizations / lessees have their submissions at the joint hearing.

10. 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.

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

(i). The proposal of Cochin Port Trust (COPT) is for revision of Lease rents of Port Land following the Policy Guidelines for Land Management by Major Ports (PGLM) 2015. Lease rentals in respect of land of COPT was last approved by this Authority vide Order No.TAMP/73/2015-COPT dated 21 June 2016 notified vide Gazette No.304 dated 22 July 2016. The validity of the lease Rental prescribed in the said is to expire on 20 August 2021.

The COPT has filed the current proposal for revision of lease rent in June 2021 well before the expiry of the validity of the existing lease rent. The proposal filed by the COPT is following the Policy Guidelines for Land Management by Major Ports 2015 issued by the Government of India.

(ii). (a). The Policy Guidelines for PGLM, 2015 clearly lays down the procedure and the methodology to be adopted for determining the market value of land and the latest Schedule of Rent (SOR) of the port lands.

(b). As per clause 11.2 (e) of the PGLM, 2015, a Land Allotment Committee (LAC) shall be constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic.

(c). COPT has constituted the LAC headed by the Deputy Chairman of COPT and Secretary, Traffic Manager, and FA & CAO as Members. Thus, the COPT has complied with the stipulation of the formulation of the LAC as per the PGLM, 2015.

(iii). (a). As per Clause 13 (a) of the PGLM, 2015, the LAC shall determine the market value of land taking into account highest of the five factors like (i) State Government's ready reckoner value if available for similar classification/ activities, (ii) Highest rate of actual relevant transactions registered in last three years in the Port's vicinity (the vicinity of the Port is to be decided by the respective Port Trust Boards), with an appropriate annual escalation rate to be approved by the Port Trust Board (iii) Highest accepted tender-cum-auction rate of Port land for similar transactions, updated on the basis of the annual escalation rate approved by the Port

Trust Board, (iv) rate arrived at by an approved valuer and (v) any other relevant factors as is identified by the port. In case the LAC is not choosing the highest factor, the guidelines requires the reasons for the same have to be recorded in writing.

(b). Pursuant to the recommendation in the PGLM, 2015, COPT appointed an approved Valuer through e-tender for valuation of port land for determining the market value of land and revised lease rent for port land under the existing categories, and also for the new category viz. 'Industrial Purpose'.

(c). The valuer has arrived at market value of land under the first four out of five factors mentioned in the PGLM 2015 as briefly explained hereunder. The valuer has not arrived at the market value of land under any other relevant factor:

(i). <u>State Government's ready reckoner</u>:

The land belonging to the port comes under the "Government land" category as per the Registration Department, Government of Kerala. The valuer has adopted the highest fair value of the properties in the vicinity of the land belonging to the COPT. For this purpose, Revenue Villages of Ernakulam District specified as vicinity to the port land by the Board of Trustees of the COPT in December 2014 is adopted by the valuer.

(ii). <u>Highest rate of actual relevant transactions registered in last three years in the Port's vicinity:</u>

Under this method, the valuation report states that the valuer has collected certified copies of sale deed from the Sub Registrar's office and the highest transaction value for the villages in the vicinity of the port land is considered as the market value land.

The valuer has, however, concluded that the State Government's Ready Reckoner rate and the highest rate of actual relevant transactions registered in the last three years in the Port's vicinity, are unsuitable standards for deriving the market value of port land for the following reasons.

(a). Incomparable nature of port land vs. the land listed under the Ready Reckoner rates of the State Government;
(b). Leasehold land of Ports vs. freehold land in the vicinity, which undergo transactions fetching high value;
(c). Relatively large size of plots of COPT land vs. small plots outside the port under transactions.

(iii). <u>Highest Accepted tender-cum-auction for similar transactions, updated on the basis of the annual escalation rate:</u>

As regards the third factor i.e., highest accepted tender-cum-auction rate of port land for similar transactions, the valuer has considered based on the data provided by the port for annual and upfront leases for 30 years and standardizing the rates into annual lease rent after factoring in the premium received for the land in the tender.

The valuer has observed that being market discovered, the values of land under this method are more realistic. However, the valuer has pointed out the limitations in adopting the 'Highest Accepted tender-cum-auction rate of Port Land' for determining the market value of the port land across the board because the plots that obtained high rates in tender-cum-auction had unique features and characteristics that fetched them high value.

Therefore, the valuer has pointed out that it is not realistic to expect such high rates to be obtained for other plots of port land. Moreover, these high rates were limited to selected locations of the port land which cannot be adopted to the entire port land in multiple locations.

(iv). <u>Rate arrived at by an approved valuer</u>

As regards the fourth method, the valuer has adopted a more feasible method in the form of Cost Inflation Index (CII) for determining the latest market value of port land based on the value of land as in 2016-17, as per the base valuation in force. The CII, notified by the Ministry of Finance, Government of India, is used to estimate the increase in the prices of goods and assets year-by-year due to inflation. The valuer, in this regard, has considered the need of the port to monetize the land and to earn revenue without being left without any takers for the land; and the market potential of port land for lease in comparison with the land available in the vicinity, available for lease or sale.

Based on CII increase from the year 2016-17 at 264 to 301 in the year 2020-21 and CII of 309 estimated by the valuer for the year 2021-22 with the COVID-19 Pandemic induced slump, the increase works out to 17.05% (i.e. (309-264)/264). Accordingly, valuer has considered 17.05% hike over the 2016-17 land value to arrive at the market value of the port land value in the year 2021-22.

The valuer has made special consideration for the three plots in Willingdon Island – South End viz., A17, A18 and A19 plots. Citing that these plots of land have excellent connectivity, and are closer to the Ernakulam city and can be developed for various projects of high potential, the valuer has estimated higher value of land for these three the plots vis-à-vis other plots of land in Willingdon Island and uniform valuation is considered for all categories.

Valuer has adopted separate approach for 2 plots of land at Chathyath, Ernakulam. In view of multiple activities possible at these plots and being closer to city, it has potential for higher valuation. However, the valuer has observed that part of the Ernakulam-GIDA land is declared as Buffer Zone for Bird Sanctuary and the Ministry of Environment, Forest and Climate Change (MoEFCC), has notified it as Eco-sensitive Zone. Further, Ernakulam-Pachalam land is considered as Coastal Regulation Zone (CRZ), which would reduce the value for this otherwise high potential land.

Valuer has, therefore, estimated land value for the possible Buffer Zone and the Ernakulam-Pachalam land at 40% of the value of land of the other part of Ernakulam-GIDA land.

For Ernakulam-GIDA, Buffer Zone, Willingdon Island South End separate lease rent are proposed without any categorization based on usage of land considering their varied potential.

(iv). Thus to summarise, the approved valuer for the reasons cited has finally adopted the market value of land arrived based on Cost Inflation Index for arriving at the proposed lease rent. The valuer in the report has opined that this is the best suited method.

The port has confirmed that it has compared the proposed lease rent with prevailing rates for lease /license adopted in nearby major ports viz., New Mangalore Port Trust (NMPT) and V.O. Chidambaranar Port Trust (VOCPT). The COPT has confirmed that the rates proposed by them are closer to VOCPT and NMPT.

As regards valuation of land under the new category of 'Industrial Purpose' in addition to the existing categories, the value has observed that the valuation of land for 'Industrial Purpose' is the same as valuation for 'Warehouse Purpose', which is an existing category, and therefore, separate valuation is not warranted. Thus, the nomenclature "Warehouse purposes" is modified as "Warehouse/ Industrial purposes". The categorisation of land falls under the domain of the concerned port trust. Hence, this Authority will go with the proposed new category of 'Industrial Purpose' treated along with ware house purposes for proposing the lease rent.

The market value of port land considered by the LAC under the fourth prescribed factor for arriving at the proposed lease rents brought out in the earlier paragraphs is reproduced hereunder for ease of reference:

(**In ₹ per hectare**)

S. No.	**Location**	**Land with water frontage for berth & backup**	**Commercial / Office Purpose**	**Warehouse/ Industrial Purpose**	**Special Residential Purpose**	**Hospitality Purpose**
1	Willingdon Island	6,02,73,220	5,02,27,696	4,01,82,153	3,76,70,767	5,48,24,601
1.a.	Willingdon Island-South End-A17 Plot	5,20,87,733				
1.b.	Willingdon Island-South End-A18 & A19 Plots	8,73,96,733				
2.	Vallarpadam – SEZ Area	8,43,82,496	7,03,18,763	5,62,55,030	NA	NA
2.a.	Vallarpadam-SEZ Area	9,70,39,893	8,08,66,587	6,46,93,242	NA	NA
3	Puthuvypeen Non-SEZ Area	5,82,64,135	4,85,53,432	3,88,42,730	NA	NA
3.a.	Puthuvypeen-SEZ Area	6,70,03,731	5,58,36,440	4,46,69,148	NA	NA
4	Fort Kochi	6,42,91,429	5,35,76,204	NA	4,28,60,979	5,84,79,565
5	Bolgatty	NA	7,03,18,763	5,62,55,030	NA	7,67,54,426
6	Ernakulam-GIDA	11,88,14,533				
6.a.	Ernakulam – GIDA (Buffer Zone, if declared so) & Ernakulam – Pachalam)	4,75,25,813				
6.b.	Ernakulam-Cochin Shipyard	NA	NA	4,82,18,591	NA	NA
6.c.	Ernakulam-Thevara Ferry	7,83,55,201	6,02,73,220	NA	NA	NA

The approved valuer has recommended lease rent applying 6% of the market value of the land.

(v). (a). The LAC has gone through the market value of land arrived by the approved valuer and after evaluating, the LAC has recommended lease rent @ 6% on the market value of land as per Para 13 (b) of PGLM, 2015.

At the proposed lease rent, the increase in lease rent as per the comparative statement furnished by the port which is brought out in para 6 comes to 6.84% over the existing lease rent as on 20 August 2021.

(b). As regards License Fee, for the open space, covered space (warehouse) and covered space for office accommodation, the existing license fee after the indexation factor applied by the COPT comes to ₹44.92 per sq. metre per month, ₹56.97 per sq. metre per month and ₹190.63 per sq. metre per month respectively.

The approved valuer has retained the existing license fee for open area and has suggested 7% hike in license fee for covered space for both (a). warehouse and (b). office accommodation. The valuer has observed that the existing license fee for covered space (warehouse) is relatively lower vis-à-vis the rates for open area and covered building space for office accommodation. Hence, the valuer has suggested an increase of 7% in line with general increase of 6.84% in lease rent on port land.

The LAC has recommended license fee for open area and covered space (office accommodation) with marginal increase of 2% over the prevailing license fee.

As regards license fee for covered space (warehouse), the license fee recommended by the LAC is with 7% increase over the prevailing license fee as suggested by the approved valuer.

(c). The increase proposed in license fee for storage of cargo in specified transit area for open storage and covered storage is also recommended by the LAC on the same lines @ 2% and 7% respectively over the prevailing license fee leviable on per sq. mtr. per week or part thereof basis.

(d). Regarding Way leave charges for Pipelines, TV and Telephone Cables, the LAC has recommended increase in the prevailing license fee by 6.84% as recommended in the case of lease rentals of port land.

(vi). The Board of Trustees of the COPT has approved the market value of land and lease rent as recommended by the LAC.

In the light of the analysis in the preceding paragraphs and bearing in mind that the LAC, headed by Deputy Chairman (COPT), Secretary, Traffic Manager, and FA & CAO, after review has recommended the market value of land and lease rent and license fee following the PGLM, 2015 and also recognizing that the Board of Trustees of COPT, taking into consideration the report of the LAC has approved the proposed lease rent and license fee for COPT lands, the lease rental and license fee as per the proposal of the COPT is approved.

As stated earlier, the COPT has proposed separate rates for Willingdon Island – South end- A 17 plot, and Willingdon Island – South end - A18 & A19 plots and also proposed separate rates for Ernakulam – GIDA and Ernakulam – GIDA (Buffer zone & Pachalam) without any categorization for reasons as brought out in earlier paragraphs. In view of the reasons furnished by the COPT, and recognizing that the proposed lease rent for these locations are based on the valuation of land by the approved valuer, recommended by the LAC and approved by the Board of Trustees of the port, the proposed lease rent for the said locations is approved as proposed by the COPT.

(vii). The COPT has proposed modifications in the nomenclature of few categories under the lease rent of port land. The existing nomenclature " Commercial/ office other than warehouse purposes" is modified as " Commercial Purposes" and the existing " Warehouse purposes" is modified as " Warehouses /Industrial Purposes". The proposed modifications is considered while prescribing the lease rent schedule.

The port has also proposed modification / deletion in categories of License fee for Open / Covered area at schedule 8.2 along with reasons as tabulated below:

Tariff Item No.	Existing category	Proposed deletion / modifications	Reasons for deletion / modifications
8.2.2.	Covered Area	Covered Area (Warehouse)	The categories are redefined for more clarity. Building area at Transit Area and other than Transit Area is allotted for Office and Commercial Purpose at the uniform monthly rate.
8.2.3.	Covered space for office accommodation	Building Area for office / commercial purpose	
8.2.4.	Open area in South end reclamation	Deleted	This was never operated, and hence, deleted. The license of the said area will be under Open area.

In view of the reasons furnished by the COPT, the proposed deletions/ modifications in nomenclature proposed by the COPT is approved.

(viii). (a). As per existing initial note under schedule 8.2.1, the transit area will be specified by the Board for allotment on license basis. This is proposed to be modified to state that the transit area inside the compound wall of Mattancherry Wharf and Ernakulam Wharf, which is custom bounded will be allotted for storage of cargo on license basis. The port has proposed the said modification due to debonding of extension area at Mattancherry wharf since 22 March 2019. Hence the proposed modification is approved.

(b). Further, the COPT has proposed to introduce a new note under schedule 8.2.1 stating that COPT will have the option to allot the Warehouses No.1, 2, 3, 4 and 6 outside the compound wall of Matancherry and Ernakulam wharf under transit area at the tariff applicable for Transit area.

The COPT has clarified that the proposed note is to give flexibility to the port to allot warehouses. In view of the reasons furnished by the COPT, the proposed insertion is approved.

(ix). The COPT has proposed to retain existing conditionality relating to sub lease with slight language improvement in the schedule 8.5.

Further, COPT has proposed to add a provision to state that subletting/ sublease shall, however, be permitted for leases of land to entities such as FTZ / SEZ, Multimodal Logistics Parks, Mega Food Parks, FTWZs, etc., where the business model is based on subletting, and no subletting fee shall be levied in such cases.

The above insertion proposed by the COPT is in line with para 12 (B) of PGLM 2015 and clarification 12 (B) (i) on PGLM, 2015 issued by the MOPSW in clarification Circular 1 of 2019-20 dated 29 April 2019. Hence, the same is approved by this Authority.

Clause 13 (c) of the amended Land Policy Guidelines 2014 and PGLM, 2015 gives flexibility to Ports to fix rate of annual escalation which should not be less than 2% with the approval of the Port Trust Board. Based on the recommendation of the LAC, the Board has approved the annual escalation @ 2%.

(x). The existing general note 2 under the lease rent schedule last approved by this Authority in June 2016 stipulates that after expiry of one year from the date of implementation of the Order, the rates shall be escalated by 2% per annum till such time the rate is revised with the approval of the Competent Authority.

The port has proposed to modify the existing note to state that the rate shall be escalated by 2% per year cumulatively till such time the rate is revised with the approval of the Competent Authority. The port has stated that the proposed modification is to make it explicit.

The existing note itself is explicit that the annual escalation for lease rent @ 2% shall apply after expiry of one year from the date of implementation of the Order. The existing note is, therefore, retained. The COPT is advised to apply the annual escalation factor as per the prescribed note and not based on the financial year. This approach is being followed uniformly at all the Major Ports and no extra ordinary circumstances is warranted for a different approach at the COPT.

(xi). The COPT has proposed for deletion of existing condition which states that in case of accreted land which has no access by the port through landward side and only through water, annual lease rent equivalent to three times the nearest commercial area shall be collected. The port has stated that this condition was never operated. In view of the reasons given by the COPT, proposed deletion is approved.

(xii). The COPT has proposed a new note relating to Lease rent / License Fee for water area. The proposed note is for levy of lease rent @ 50% of the lease rent of the abutting land for the relevant category. In the absence of abutting Port land, the rates proposed to be collected are 50% of the Lease Rent for the Port land at the nearest location. The proposed note is broadly in alignment with para 12 (I) of PGLM, 2015 and hence it is approved.

(xiii). During the last revision of lease rent approved this Authority vide Order No.TAMP/73/2015-COPT dated 21 June 2016, the revised lease rent/ license fee was incorporated under Chapter VIII of the general SOR of the COPT as schedules 8.1 to 8.6 along with General Notes .

Later during the general revision of the SOR of the Port approved vide Order No.TAMP/10/2019-COPT dated 10 October 2019, this Authority has decided to delink the estate lease rent/ license fee from the general SOR citing that the period of validity of the lease rent/ license fee is different from the validity of the general SOR. Hence, a note was prescribed in the last general SOR that the lease rent/ license fee for the port land will be governed by the Order No.TAMP/73/2015-COPT dated 21 June 2016 and as revised by this Authority from time to time based on the proposal of the port.

In view of the above, the Schedule of revised lease rent / license fee approved by this Authority is prescribed separately and Schedules is renumbered as 1.1, 1.2, 1.2.1, 1.3, 1.4 and 1.5 as against 8.1, 8.2, 8.2.1, 8.3, 8.4 and 8.5 proposed by the port.

(xiv). M/s.MIV Logistics Pvt. Ltd. (MLPL), Faizal Traders Pvt. Ltd. (FTPL), Gateway District Park Kerala Pvt. Ltd. (GDPK) and Container Corporation of India (CONCOR) have requested the port to withdraw the proposal stating that there businesses are impacted due to COVID-19.

In this regard, COPT has categorically stated that they have proposed very minimum increase considering the present situation and to take care of port interest. COPT has deliberately avoided any substantial hike in rentals considering the economic impact of the COVID-19 Pandemic. The proposal is as per PGLM, 2015 which mandates revision every five years. Both the port and this Authority are bound to follow the PGLM issued by the MOPSW and hence request of MLPL, FTPL, GDPK and CONCOR cannot be acceded to.

(xv). Clause 13 (c) of the PGLM prescribes revision of lease rent once in every five years. The COPT has proposed a note stating that rates prescribed shall be applicable after the expiry of 30 days from the date of notification of the Order in the Gazette of India, and will be valid for a period of 5 years. The proposed note is approved.

As stated earlier, the lease rent approved in the last Order is valid upto 20 August 2021. The COPT has requested that the validity of the prevailing lease rent, due for expiry on 20 August 2021, is extended until the revised rates come into effect. In view of the request made by the port, the existing lease rent / license fee is deemed to have been extended from the date of expiry till the revised lease rent / license fee comes into effect

12.1. In the result, and for the reasons given above, and based on a collective application of mind, the Estate Rental schedule attached as **Annex** is approved this Authority.

12.2. The revised lease rentals/ license fee for the lands of COPT will come into effect after expiry of 30 days from the date the Order is notified in the Gazette and is in force for five years.

12.3. The validity of existing lease rent / license fee is deemed to have been extended from the date of its expiry till the revised lease rent / license fee in this Order approved comes into effect.

(T.S. Balasubramanian)
Member (Finance)

Annexure

ESTATE RENTAL

1.1. Lease of Port land at various locations:

(in ₹ per hectare per annum)

S.No.	Location	Land with water frontage for berth & backup	Commercial / Office Purpose	Warehouse /Industrial Purpose	Special Residential Purpose	Hospitality Purpose
1	Willingdon Island (excluding A17, A18 & A19 Plots)	36,16,393	30,13,662	24,10,929	22,60,246	32,89,476
1.a.	Willingdon Island-South End-A17 Plot	31,25,264				
1.b.	Willingdon Island-South End-A18 & A19 Plots	52,43,804				
2.	Vallarpadam – Non-SEZ Area	50,62,950	42,19,126	33,75,302	NA	NA
2.a.	Vallarpadam-SEZ Area	58,22,394	48,51,995	38,81,595	NA	NA
3	Puthuvypeen Non-SEZ Area	34,95,848	29,13,206	23,30,564	NA	NA
3.a.	Puthuvypeen-SEZ Area	40,20,224	33,50,186	26,80,149	NA	NA
4	Fort Kochi	38,57,486	32,14,572	NA	25,71,659	35,08,774
5	Bolgatty	NA	42,19,126	33,75,302	NA	46,05,266
6	Ernakulam-GIDA	71,28,872				
6.a.	Ernakulam – GIDA (Buffer Zone, if declared so) & Ernakulam – Pachalam	28,51,549				
6.b.	Ernakulam-Cochin Shipyard	NA	NA	28,93,115	NA	NA
6.c.	Ernakulam-Thevara Ferry	47,01,312	36,16,393	NA	NA	NA

Note: To arrive at the rate per Acre per annum, the rate per hectare per annum may be divided by 2.471.

1.2. The License fee for Open / Covered Area at areas other than Transit Area specified vide Section 1.2.1 of the SOR; and Building Area at Transit Area and other than Transit Area

S. No.	Category	₹ per Sq. m per month or part thereof
1	Open Area	45.82
2	Covered Area (Warehouse)	60.96
3	Building Area for Office / Commercial Purpose	194.44

1.2.1. License Fee for Storage of Cargo at the specified Transit Area

Transit Area inside the compound wall of Mattancherry Wharf and Ernakulam Wharf, which is custom bonded, will be allotted for storage of cargo to the owners of cargo or their agents on license basis in lieu of demurrage, if warranted. COPT shall allot such area subject to availability and on payment of Wharfage for the entire cargo at the time of allotment of storage area. Such allotment shall be vessel-wise and license fee shall be recovered at the rates specified below:

S. No.	Duration	₹ per Sq. m per week or part thereof	
		Open Area	Covered Area (Warehouse)
1	Up to 8 Weeks	10.69	14.22
2	9th Week onwards	12.83	17.06

The cargo thus stored shall remain at the sole risk and responsibility of the owners of cargo or their agents and they shall be responsible for any claims arising in respect thereof during the period of storage.

The aforesaid shall not preclude COPT from allotting the Transit Area for purposes related to cargo/vessel operations such as storage of equipment, ship's spares, etc.

COPT will have the option to allot the Warehouses No.1, 2, 3, 4 & 6, outside the compound wall of Mattancherry Wharf and Ernakulam Wharf under Transit Area at the tariff applicable for Transit Area.

COPT shall also permit the owners of cargo or their agents to move the cargo directly from the wharf and stack the same in the Port area other than the Transit Area on license basis at the rates specified at 1.2 of the SOR. The cargo availing such storage shall pay Wharfage for the entire quantity before being moved out of the wharf. The cargo thus stored shall remain at the sole risk and responsibility of the owners of cargo or their agents and they shall be responsible for any claims arising in respect thereof during the period of storage.

Note: Minimum charge recovered for each allotment shall be ₹250 per week.

1.3. Way leave charges for laying pipelines through Port land

Description	Unit of Measurement	Rate (in ₹)
For laying pipelines through port land	Per Sq m per year for the area occupied by pipeline	488

1.4. Way leave charges for TV and Telephone cable lines

S. No.	Description	Unit of Measurement	Rate (in ₹)
1	For TV cable lines	Per Kilometre or part thereof per year	4745
2	For Telephone cable lines		5853

Note to Sections 1.3 and 1.4: As per the 'Broad Terms and Conditions for issuance of Right of way Permission for laying Pipelines / Conveyors, etc.' of the Policy Guidelines for Land Management by Major Ports (PGLM), 2015, facility compensation or right of way charges shall be paid by all parties. For the purpose of recovery of way leave charges, the area occupied by the pipelines shall be calculated based on the diameter and length of those pipelines. In the case of multilayer stacks, the physical area occupied by the multilayer pipeline/conveyor stacks shall be considered and the respective users shall be billed for the pro rata area. As far as underground pipelines are concerned, if the users establish that the possession of surface area above the underground cross-country pipelines is not physically with them, the area occupied by such pipelines shall be considered at 50% of the product of the diameter and length, for the purpose of levy of way leave charges.

1.5. Sub Lease

The existing lease holder having valid lease at the time of issue of PGLM, 2015 on 02 January 2014 will be allowed to sublet/partially sublet the leased premises to another party for the same purpose for which it was originally allotted. Also, such subletting shall be in accordance with the Land Use Plan of the Port, and before allowing this, the Port shall recover 50% of the rent charged by the lessee from the sub-lessee for the entire period of sub lease irrespective of the fact whether the land was originally allotted on upfront basis or annual rental basis. The original lessee will continue to remain responsible for payment of lease rent and for adherence to the terms and conditions of lease.

The leased premises also include structures built on leased land for the purpose of recovery of subletting fee.

No subletting / sublease is allowed for leases which are entered into after the coming into effect of PGLM, 2015, and in cases, where the lessee is not able to utilize the entire land, the portion of the leased premises not required by the lessee should be surrendered to the Port. However, subletting / sublease shall be permitted for leases of land to entities such as

FTZ / SEZ, Multimodal Logistics Parks, Mega Food Parks, FTWZs, etc., where the business model is based on subletting, and no subletting fee shall be levied in such cases.

General Notes:

(a). The rates prescribed shall be applicable after the expiry of 30 days from the date of notification of the order in the Gazette of India, and will be valid for a period of 5 years.

(b). After expiry of one year from the date of implementation of this Order, the rates shall be escalated by 2% per annum (compoundable) till such time the rate is revised by the Competent Authority.

(c). Lease Rent / License Fee for water area will be 50% of the Lease Rent / License Fee of the abutting land for the relevant category. In the absence of abutting Port land, the rates will be computed at 50% of the Lease Rent / License Fee applicable for the Port land at the nearest location for the relevant category.

(d). The rates applicable for lease of Covered Area (Warehouse) and Building Area for Office / Commercial Purpose shall be the License Fee for Covered Area (Warehouse) and Building Area for Office / Commercial Purpose, respectively, as specified at Section 1.2 of the SOR.

(e). The other conditions governing the rates for lease and license shall be as per the PGLM, 2015, as amended from time to time.

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SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / USER ORGANISATION / LESSEES AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F.No. TAMP/35/2021-COPT- Proposal received from Cochin Port Trust (COPT) for revision of lease rentals of port land for the period of 2021-2026.

A summary of comments received from users / user organisations/ lessees thereon are summarized below:

Sl. No.	Comments of the users/ user organisations/	Reply of COPT
1.	**MIV Logistics Pvt. Ltd. (MLPL)**	
(i).	The Corona Virus (COVID-19) is making news for the impact it has on global supply chains. Since CFS is part of the supply chain, they are also very badly affected both financially and operationally. As the financial year, 2020-21 has been extremely challenging, they anticipate that this financial year will also follow, likewise, due to the 2^{nd} and 3^{rd} wave of the pandemic.	COPT has proposed only a marginal increase of 6.84% with respect to the rates in 2021-22 on its Base Rate of land rentals for 2021-26, covering only the impact of inflation on the market value of land during the cycle of the prevailing SOR 2016-21. COPT has deliberately avoided any substantial hike in rentals considering the economic impact of the COVID-19 Pandemic. Annual escalation is mandated by the PGLM, 2015. Therefore, the proposal for revision of rentals may be approved.
(ii).	The proposal to increase the lease rentals during this pandemic is ultimately and will only put organizations like them in more financial difficulties.	
(iii).	Therefore, MLPL humbly request to withdraw the proposal for revision of lease rentals of port land for the period of 2021 to 2026 and port may continue with the increase in lease premium which was agreed upon previously by the port.	
2.	**Faizal Traders Pvt. Ltd. (FTPL)**	
(i).	As per the Order of COPT dated 17 January 2018, they have been allotted 1.82 Ha of the land in between BOT Bridge and old Mattanchery Bridge at W/Island for commercial (Shopping & Entertainment) activities for a period of 30 years on annual lease rentals basis.	COPT has proposed only a marginal increase of 6.84% with respect to the rates in 2021-22 on its Base Rate of land rentals for 2021-26, covering only the impact of inflation on the market value of land during the cycle of the prevailing SOR 2016-21. COPT has deliberately avoided any substantial hike in rentals considering the economic impact of the COVID-19 Pandemic. Therefore, the proposal for revision of rentals may be approved. COPT has followed the direction issued by the MOPSW vide No.PD-14033/4/2020-PD VII dated 21 April 2021 on the relief measures to support and rebuild the logistics chain impacted by the COVID-19 Pandemic.
(ii).	The unexpected outbreak of COVID-19 first phase followed by its second wave and related countrywide lockdown from 22 March 2020 had created heavy financial crisis and economic slowdown in all fields.	
(iii).	Ongoing through the proposal for revision of lease rental submitted by the COPT, it is found that heavy increase in rental is proposed for the period 2021-26. A detailed study of the proposal by a technical agency could not be carried out due to the COVID-19 restrictions. Hence, FTPL requires time at least up to the complete lifting of Covid-19 restrictions by Govt. to offer detailed comments upon this proposal. However, they are willing to attend the joint hearing as and when it is arranged by TAMP.	
(iv).	Moreover, in this Pandemic period all Govt. / Public Sector agencies are launching various types of relief schemes to entrepreneurs to extend all possible relief measure to help them to overcome the COVID-19 related crisis. In this situation, they request that the TAMP and COPT may kindly consider granting of some relief in the	

	form rent reduction / waver considering the economic crisis in the special situation.	
(v).	In the circumstance, FTPL requests to kindly put off the tariff revision proposal (2021-2026) until a complete recovery from the country wide financial slowdown caused by the pandemic and also consider a special relief package to safeguard the interest of entrepreneurs for the time being.	

2. A joint hearing in this case was held on 12 July 2021 through Video Conferencing. The COPT made a power point presentation and has also furnished a copy of the presentation vide its email dated 12 July 2021. The COPT and the concerned users / user organizations / lessees have made the following submissions at the joint hearing:

Cochin Port Trust (COPT)
[Sr. Deputy Traffic Manager]

(i). Prevailing Scale of Rates (SOR) was approved by TAMP in July 2016. The approved lease rent was effective from 21 August 2016 and is valid for five years i.e. till 20 August 2021.

(ii). During last revision, 5.44% increase over the lease rent applicable in the year 2016-17 was proposed by the port and approved by the Authority.

(iii). Current proposal is filed following the Land Policy Guidelines, 2015.

(iv). Valuation of port land is done by approved valuer.

(v). The valuer considered sales comparison/ market approach for valuation of land. But, valuer did not adopt the same as port land is availed on lease only. It is not freehold hold or transferable.

(vi). Valuer found that the ‘Ready Reckoner’ and the ‘actual transactions’ value of land are not suitable for valuation of Port Land which is for lease only with leasehold rights. Port land are not available for sale.

(vii). Valuer has also pointed out limitation in adopting highest rate in tender-cum-auction. The plot of land on tender cum auction had unique features that fetched high value. This may not be realistic value of land for other plots.

(viii). Valuer has finally arrived at value of land based on Cost Inflation Index (CII) notified by Ministry of Finance with base rate as in the year 2016-17.

(ix). Based on CII increase from the year 2016-17 at 264 to 309 in the year 2021-22, the increase works out to 17.05%. Accordingly, 17.05% hike over the 2016-17 land value is considered to arrive at land value in the year 2021-22.

(x). LAC has recommended the value of land arrived by approved valuer.

(xi). Lease rent is proposed as mandated in PGLM @ 6% of the recommended land value and annual escalation is proposed at 2% as per the PGLM.

(xii). The increase in the lease rent works out to 6.84% over the prevailing lease rent.

(xiii). Port has compared the proposed rate with neighbouring ports viz. NMPT and VOCPT. Our rates are closer to VOCPT and NMPT.

(xiv). The valuer has made special consideration for three plots in south end, Willingdon Island, which have excellent connectivity, and are closer to the city and hence valued them higher.

(xv). Valuer has adopted separate approach for 2 plots of land at Chathyath, Ernakulam. In view of multiple activities possible at these plots and being closer to city, it has potential for higher valuation. However, the valuer has observed that part of the Ernakulam-GIDA land may be declared as Buffer Zone for Bird Sanctuary and the Ministry of Environment, Forest and Climate Change (MoEFCC), has notified it as Eco-sensitive Zone. Further, Ernakulam-Pachalam land is considered as Coastal Regulation Zone (CRZ), which would reduce the value for this otherwise high potential land.

(xvi). Valuer has, therefore, estimated land value for the possible Buffer Zone and the Ernakulam-Pachalam land at 40% of the value of the other part of Ernakulam-GIDA land.

(xvii). For Ernakulam-GIDA, Buffer Zone, Willingdon Island South End separate rate are proposed without any categorization.

(xviii). 7% hike in license fee for covered area and 2% hike for open area is proposed.

(xix). License fee for storage of covered and open area in Transit Area is proposed on weekly basis.

Bharat Petroleum Corporation Limited (BPCL)

(i). We have separate agreement with COPT. So this revision will not apply to BPCL.

[Sr. Dy. Traffic Manager, COPT: Lease given to BPCL is on upfront basis. Hence, the proposed revision in lease rent shall not apply to BPCL.]

Gateway District Park Kerala Pvt. Ltd.

(i). Our financial has gone down. Any increase in lease rent will impact us.

(ii). We don't want to pass the effect of proposed revision to the importers/ exporters.

Indian Oil Corporation Limited (IOCL)
[Mr. Balagopal]

(i). Our lease is expiring. Can we go on upfront basis.

[Sr. Dy. Traffic Manager, COPT: IOCL can renew their lease as per LPG.]

Malabar Cement Ltd.

(i). Will this revision will apply to us?

[Sr. Dy. Traffic Manager, COPT: Malabar Cement are on annual lease rent basis. Hence the proposed revision shall apply to them.]

MIV Logistics
[Mr. Shaju Thomas]

(i). Our business is impacted due to COVID-19.

(ii). Proposal is untimely. Hence, request the port to withdraw the proposal.

Container Corporation of India (CONCOR)

(i). We are going through bad financial phase. We request the port to withdraw the proposal.
[Deputy Chairman, COPT: We have proposed very minimum increase considering the present situation and to take care of port interest. The proposal is as per LPG which mandates revision every five years.]

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