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Tariff Authority for Major Ports

G. No.386 **New Delhi,** **7 December 2015**

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 extends the validity of the existing lease rentals for port lands of Cochin Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/33/2007-COPT

Cochin Port Trust … **Applicant**

O R D E R
(Passed on this 5th day of November 2015)

This case relates to extension of the validity of lease rentals for port lands of the Cochin Port Trust (COPT).

2.1. The lease rentals for port lands of COPT was revised by the Authority vide Order No.TAMP/33/2007-COPT dated 4 May 2010. The said Order was notified in the Gazette of India on 11 June 2010 vide Gazette No.160. The lease rentals for the port lands of COPT revised by the Authority were valid for five years, i.e. upto 11 July 2015. This Authority has extended the validity of the lease rentals for port lands of COPT till 30 September 2015 vide Order dated 17 August 2015.

2.2. As the validity of the lease rentals for port lands of COPT was to expire on 30 September 2015, the COPT vide its email dated 30 September 2015 has stated that the valuer has submitted the pre-draft valuation report and the discussions on the same are in progress. It may take atleast one more month to finalize the report complying with the relevant provisions of the Land Policy Guidelines for Major Ports, 2014.

2.3. In view of the above position, the COPT has requested for extension of time upto 15 November 2015 for the submission of the proposal for revision of the Lease Rentals. However, the COPT has not requested for extension of the validity of the existing lease rentals rate for port lands of COPT.

3.1. The validity of the existing lease rentals for port lands of COPT expired on 30 September 2015. Unless the validity is extended there will be a vacuum in the tariff arrangement, which is not desirable. This Authority, therefore, extends the validity of the existing lease rentals for port lands of COPT from the date of its expiry till 31 December 2015 or till the date of effect of notification of the revised lease rentals of port lands of COPT based on the tariff proposal to be filed by the COPT, whichever is earlier.

3.2. The General Note 1 in the Schedule of lease rent approved by this Authority in May 2010 prescribes a specific condition that the lease rent prescribed is subject to automatic annual escalation @ 2% in line with the guidelines issued by the Government. That being so, the annual escalation @ 2% will continue to apply during the extended validity period of the lease rentals for port lands of COPT. The annual escalation clause is also in line with the Land Policy Guidelines, 2014 as well as in its revised Land Policy Guidelines, 2014.

3.3. However, in this regard, it is relevant here to mention that the extension of the existing lease rentals with an annual escalation of 2% is only a provisional arrangement to avoid a vacuum in the current scenario. The lease rentals to be fixed for the port lands of COPT will be based on a proposal to be filed by the COPT.

4. In the result, and for the reasons given above, this Authority extends the validity of the existing lease rentals for port lands of COPT, beyond 30 September 2015 upto 31 December 2015 or date of effect of notification of the revised lease rentals based on the tariff proposal to be filed by the COPT, whichever is earlier, with an annual escalation of 2%. The COPT is directed to file its proposal for revision of lease rents for port lands of COPT positively by 15 November 2015 as agreed by the COPT following the applicable revised Land Policy Guidelines, 2014.

(T.S. Balasubramanian)
Member (Finance)