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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 224 **New Delhi,** **11 June 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 Jawaharlal Nehru Port Trust (JNPT) for notification of Reserve Price for allotment of Land in Dry Port Area at Jalna, Maharashtra, on lease basis, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/54/2020-JNPT

Jawaharlal Nehru 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 13th day of May 2021)

This case relates to the proposal dated 28 October 2020 received from Jawaharlal Nehru Port Trust (JNPT) for notification of Reserve Price for allotment of Land in Dry Port Area at Jalna, Maharashtra, on lease basis.

2.1. The submission made by the JNPT in its letter dated 28 October 2020 are summarised below:

(i). JNPT is undertaking development of Dry Port at Jalna for which the necessary land has been identified and the acquisition formalities have been completed.

(ii). The Port intends to allot the land on lease basis to a private operator/ developer for development and operation of a dry port in the area. Accordingly, the reserve price for the allotment of land on lease basis needs to be notified by TAMP.

(iii). In this regard, a proposal for fixation of land lease rate (approved by the Board) in the dry port area is forwarded to TAMP for review and approval.

2.2. The other main points made by the JNPT in its proposal dated 28 October 2020 are given below:

(i). The project site is located in the Marathwada region of Jalna district of Maharashtra. The Marathwada region consists of the districts of Aurangabad, Nanded, Beed, Osmanabad, Latur, Jalna, Parbhani and Hingoli. The site falls under direct influence zone of the Delhi Mumbai Industrial Corridor (DMIC). The overall area of the site is 182 Hectares.

(ii). The envisaged project is proposed to be developed under two options, viz. 'Option I', the development of only Phase-I which includes the core ICD related area & its operations and 'Option II', the development of the entire area including the development of the core ICD related operations and the allocation of the industrial plots & industrial development.

Site Properties and Features:

Site Attributes	Description
Area Details	
Total Area Earmarked	182 Hectares
Ownership Status	
Site location	100% of the site falls under the jurisdiction of Jalna district in the villages of Jawasgaon and Daregaon
Site Acquisition Status	100% site acquired by Jawaharlal Nehru Port Trust
Site Land Use	Non-Agricultural (NA) certificate for the land has been obtained

Connectivity and Linkages	
Site Approach Road	State Highway- SH30 (Aurangabad-Nagpur Road)
Site Access Road	An approach road of length 1.5km is being developed by JNPT to establish connectivity.
Railway Connectivity	Rail line runs across the site, Connects with Jalna Railway Station within 3-4 km
Existing entry And Exit Point	Through Single Lane Road, 4 km from highway
Neighborhood and Catchment	
Distance and Connectivity from MIDC Waluj	Via Aurangabad-Nagpur Road. Approximately 72 km
Distance and Connectivity from MIDC Industrial area (Phase-I and II)	Via Aurangabad-Nagpur Road. Approximately 10 km
Distance from Jalna Town	Approximately 15 km

(iii). The proposed development is envisaged to be an Inland Container Depot (with Co-located Private Freight Terminal (PFT)) cum Industrial Park wherein a component of the area shall be developed as a Logistics Park (including ICD) while the other component shall be developed as an Industrial Area to provide captive demand for the dry port.

Project proponent	Jawaharlal Nehru Port Trust
Project Location	Jalna, Maharashtra
Demarcated Project Area	182 hectares
Key Development Components of the Project	Inland Container Depot with co-located Private Freight Terminal (PFT) Industrial Area
Type of Industries and Sectors	Steel, Articles of Iron and Scrap, Agro Based (Processed Fruits & Juices) and Processed Vegetables, Plastic Sheets, Films / Paper, Paperboard and Products Alcoholic Beverages, Auto Components, Cosmetics & Toiletries
Distance from Major Growth Centre/ nodes of the State	JNPT- 423 km Mumbai - 393 km

(iv). **Area statement for proposed Development in Phases**

The dry port is proposed to be developed phase wise as mentioned below.

	Phase-I (in Ha)	**Entire Area (in Ha)**
Saleable Area	12.91	169.31
Common Area & Utilities	15.67	12.58
Total	28.58	181.89
Grand Total	**182 Ha**	

In case of Phase-I allocation, an area admeasuring around 12.91 Ha. shall be available for allocation, while the area of around 15.67 Ha shall be used on account of development of Railway Workshop, RTG Workshop, Railway Handling-RHS, Railway Handling – LHS and Railway Yard.

(v). **Estimated Project Development Cost**

Summary of the estimated capital cost of the project is as indicated below.

Cost to Entity	**Cost for Phase-I (in ₹. Crores)**	**Total Cost (in ₹ Crores)**
Cost to JNPT	148.04	148.04
Cost to Developer	60.64	60.64

Total Cost for Civil Works (in Rs. Crores)	**208.68**	**208.68**

Phase-I development Cost
Considering the option to develop only the **Phase-I**, the costs envisaged to be taken up by JNPT (considering Phase-I) are as follows:

Components	**Amount (in ₹ Crore)**
1) Construction of Railway Siding	64.32
2) Construction of ROB	39.26
3) Construction of Approach road	4.75
4) Site Levelling and Consolidation	17.74
5) Construction of Building Work (Admin+ Security)	2.50
6) Construction of Internal roads	6.66
7) Construction of Electric Sub-Station & Area lighting	2.70
8) Construction of Compound wall	4.81
9) Construction of ESR & Water Supply Pipe lines to various buildings / plots	1.27
10) Construction of STP & STP lines	1.03
11) Construction of Railway Handling area other than Railway yard	1.32
12) Construction of Entry Exit Gate	1.05
Contingency @3% (Item 5 to 12)	0.64
Total (Civil Works)	**148.04**

(vi). **Adherence to the Land Policy Guidelines**
The guidelines mentioned in the Land Policy have been adhered to in the current proposal.

(vii). **Land Use Plan**
As per the Land Policy Guidelines, the Land can be allotted either on license or on lease basis as per the approved Land use Plan/Zoning. Since the dry port area is not within the port area in Nhava Sheva, Navi Mumbai, the development plan and land use classification for the said land is ***"Non-Agricultural Zone"*** as per the NA certificate issued by the Collector, Jalna. The corresponding survey numbers are furnished.

(viii). **Land Allocation outside the Port's Custom Bound Area**

As per Clause 16 of the Land Policy for Major Ports, 2015, the Land outside custom bound area of the Port can be given on lease basis only. However, in specific cases, the land can be given on license for port related activities, for the reasons to be provided in writing.

As per the Land Use Plan, the area identified for the Dry Port falls outside the Custom Bound Area of JN Port. The area shall be allotted to the selected ICD Developer/Co-Developer on Lease basis only.

(ix). **Tenure for Land Allocation**

As per Clause 16.2 of the Land Policy for Major Ports, 2015; land can be leased up to a maximum cumulative period of 30 years with the approval of the Board. For capital intensive project, the Port may decide to fix the tenure of lease for more than 30 years. Such proposals are to be submitted with the recommendations of the Board to the Empowered Committee for its approval. The Port in its land-use plan should identify land which can be allotted on long-term lease basis, i.e. for tenure of 30 years and beyond.In this regard, the tenure for allotment of land is fixed to 30 years as per the applicable guidelines.
However, for Industrial plots and capital-intensive projects, it is planned to allot the land for a longer duration i.e 60 years.

(x). **Land Allotment Committee**

As per Clause 16.2 (e) of the Land Policy for Major Ports, 2015; a Land Allotment Committee shall be constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic. The Land Allotment Committee will finalize the

Reserve Price. A Land Allotment Committee consisting of the Deputy Chairman, Chief Manager (Finance), Chief Manager (PPD) and Chief Manager (Traffic) has been constituted by the port.

(xi). **Calculation of the Land Lease Rates and Decision of the Land Allotment Committee**

The methodology for land reserve price fixation as specified in the Land Policy for Major Ports has been adopted for the valuation. As per clause 11 and clause 13 of the Land Policy for Major Ports, 2015 the parameters mentioned for determining the lease rates for land have been considered, as per the parameters specified in the Policy as given below:

(a). State Government's ready reckoner of land values in the area, if available for similar classification/ activities –

The Land use for the area has been classified as “Non-Agricultural”. The conceptual master plan for the dry port envisages plots of various sizes for different identified sectors. However, the overall land usage shall be same for all sectors i.e. Non-Agricultural/ Industrial zone. The area identified for the proposed Dry Port is located in the area which encompasses the following villages/ taluka:

a. Village Jawsgaon, Tal-Badnapur, Dist.-Jalna
b. Village Daregoan, Tal-Jalna, Dist.- Jalna

The Website of Department of Registration & Stamps, Government of Maharashtra, which maintains and displays the data related to the Ready Reckoner values of the land and properties in various districts of Maharashtra has been used as a reference source for the ready reckoner values of the land in the villages identified above. The data gathered from the website has been summarized below;

Ready Reckoner Rates (Rs per sq. mt.) for 2019-2020			
Sl. No.	**Village**	**Rate (₹. Per sq.mt.)**	**Classification**
1.	Village Jawasgaon, Tal-Badnapur, Dist.-Jalna	1370	Non-Agricultural
2.	Village Daregoan, Tal-Jalna, Dist.-Jalna	670	Non-Agricultural

Source: Website of Department of Registration and Stamps, Government of Maharashtra

Basis the above details, the calculation of lease rentals is as follows:

	Unit	**Value**	**Source**
Government Guideline Value of the plot of Land (per sq.m)	₹.	1370	IGR Maharashtra Website. The maximum of per sq.m rates for Jawasgoan and Daregoan has been considered.
Lease Rental @ 6% per annum	₹. Per annum	82.2	

Considering the above rates and the Land use classified for the Dry Port as “Non-Agricultural”, the average rate of lease rental (@ 6% of the value as per Clause 13(b) of the “Policy Guidelines for Land Management by Major Ports, 2015”) works out to ₹ 83 per sq.mt per annum.

(b). Highest rate of actual relevant transactions registered in last three years in the Port's vicinity –

The vicinity of the port may be referenced to be the region covering the villages of Jawasgoan and Daregoan. However, it was observed that the current land acquired by JNPT is the latest land transaction concluded in the area and the said rates may be treated as the latest ones. The rate of land acquired by the port has been valued at ₹

19.22 Lakhs per acre i.e. ₹ 475 per sqm. The amount for lease rent works out to be around Rs. 28 per sq. mt. per annum.

(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 –

As per the policy, 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 needs to be considered. However, the port has not floated any such auction-cum-tender for the land in dry port area. Hence, such rates are not available for consideration.

(d). Rate arrived at by an approved valuer appointed for the purpose by the Port-

The appointment of valuer is not envisaged as the subject land has been acquired by the port recently based on the rates indicated by the District Collector and the actual investment by the port is available. A fresh valuation is not required as the valuer shall also analyse the rates based on similar factors as enlisted in the "Policy Guidelines for Land Management by Major Ports, 2015". Therefore, the Committee opined that the appointment of an approved valuer to arrive at the market value is not necessary and that the acquisition cost, being the latest cost of land can be considered in addition to the development expenses due to be incurred by the port.

(e). Any other relevant factor as may be identified by the Port-

The Land Allotment Committee has decided to work out the lease rate of the land as per the following approach.

(i). The land pricing has been worked out based on the following two factors:

(a). total development cost envisaged to be undertaken by JNPT during Phase-I development (the cost of common utilities being proportionately considered)

(b). Cost of acquisition of the land proportionately apportioned to the Phase-I area to be developed

(ii). The idea of adopting these two factors was that these two are the real expenses incurred by JNPT for the land under consideration and JNPT intends to recover the same from the Phase-I developer.

(iii). The total development cost of the land incurred by JNPT has been taken as the total investment to be recovered from the developer/ units by way of lease amount. The investments have been phased over a duration of 3 years and additional charges on the overall project cost has been considered. The unit cost of the land has been worked out and the same has been taken as the market value of land, basis which the 6% of lease rentals have been worked out.

(iv). As the project of Dry Port is expected to greatly complement the traffic of JN Port, there is no separate expectation of earning high revenues from the land. But the objective is to generate employment, build facility that would facilitate trade and the port and realize investments as soon as possible.

(v). Also, the subject land is not a regular port side land, but is a Dry Port area and hence a different approach is needed to finalize the lease rent for the same. The Port would in any case hold auction for the lease rentals/ other guaranteed rentals at the time of the allotment of the plots to developer/industries.

(vi). After arriving at the total costs to be recovered, JNPT has projected the revenues from the lease rentals over the years by considering the approved escalation of

2% and have discounted the same using a discount factor equivalent of the longest term G-Sec rate (as published in RBI bulletin dated June 2020). By doing so, the NPV rate arrived has been proposed by the JNPT as the upfront lease payment. (Reserve Price).

(vii). The workings in this regard are as follows:

(a). The Overall Project Development Cost including the costs such as contingency expenses, insurance, marketing expenses etc.as well as the cost already incurred on the land development, has been worked out, as follows:

Parameters	**Value (In ₹)**
Land Acquisition Cost for 163 ha government land (including TDS of 10%)	74,80,67,000
Payment to DM,Jalna for 75% of Ready Reckoner Rate for Private Land	8,58,50,250
Compensation Amount paid to Farmers	3,99,20,550
Year of Purchase	2015
Stamp Duty Paid by JNPT	52,81,030
Total Land Area for Phase-I Development	71.45 Acres
Total Acquisition Cost of Land	**87,91,18,830**
1) Area Levelling : Cutting/Filling of Plots	17,74,00,000
2) Construction of Approach Road (0.75 Km)	74,56,192
3) Construction of Internal Roads + Street Lighting	6,66,00,000
4) Construction of Electric Substation & Area Lighting	2,70,00,000
5) Construction of Compound wall @7.5km	75,55,189
6) Construction of ESR & water supply pipe lines to various building/plots	1,26,80,000
7) Construction of STP & STP Lines	1,03,00,000
8) Construction of Entry Exit Gate	16,49,948
Contingency @ 3% (Item 3 to 8)	37,73,554
Base Construction Cost (BCC)	**31,44,14,883**

Note: Contingency cost as indicated in the table above has been worked out in line with the market practice.

(b). The development cost to be incurred on railway siding and main ROB & approaches to ROB has not been included for lease calculation, considering it as an upfront investment from JNPT to operationalize the project and to keep prices competitive.

(c). The selected developer shall construct admin building and provide office space to the dry port users. Hence, the cost has not been included in JNPT's expense head.

(d). The fuel station for the project is planned to be allotted to a third party for development. Hence, not included in JNPT's expenses.

(e). The railway handling area shall be in the scope of the private party. Hence, the same has not been included in the expenses of JNPT.

(f). Further, a variation limit of 2% for fuel cost, labour cost etc, and 2% PMC charges has been added to the base construction cost (BCC).

Component	**Unit**	**Value**
Variation Limit due to increase in Fuel Cost, Labor Cost etc.	2% of BCC	62,88,298
Project Monitoring Consultant Expenses	2% of BCC	62,88,298

(g). Further, the project construction cycle has been assumed to be phase wise across 3 years. The percentage completion of construction per year has been considered keeping in view the construction schedule of similar projects undertaken by JNPT and the general industry trends in EPC works of similar nature, as shown below:

Year wise Percentage construction		
Year 1	Year 2	Year 3
35%	50%	15%

(h). Subsequently, the year wise marketing expenses as well as monitoring expenses have been added to arrive at the final value of the landed project cost. The cost expenses for each head (Insurance, contingency, marketing etc.) have been considered keeping in view the general industry practice and projects of similar scale.

Parameter	**Unit**	**Year**		
		1	**2**	**3**
Escalation Factor (y-o-y)	2% per annum	1.000	1.020	1.040
Percentage Construction Factor		35%	50%	15%
Total Civil Cost (including Escalation)	Rs.	11,00,45,209	16,03,51,590	4,90,67,587
Insurance/Tax	1% of Y-O-Y Cost	11,00,452	16,03,516	4,90,676
Preliminary cost	1% of Y-O-Y Cost	11,00,452	16,03,516	4,90,676
Contingency Cost	3% of Y-O-Y Cost	33,01,356	48,10,548	14,72,028
Marketing and advertisement Cost	1% of Y-O-Y Cost	11,00,452	16,03,516	4,90,676
Total Project Cost (Excluding IDC)	Rs.	**11,66,47,922**	**16,99,72,686**	**5,20,11,642**
Total Project Cost (Excluding IDC and including PM Charges and variation limit of 2% each)	Rs.	**35,12,08,845**		

(i). The land identified for the Dry Port area was acquired by JNPT in the year 2015. The cost of acquisition of the land has also been factored as an investment from JNPT. Since, the price has been paid for land acquisition in the year 2015, it is assumed that there is no loss of interest and the price remains the same. Subsequently, the land cost for Phase-I has been proportionately apportioned and considered for investment recovery.

Parameter	**Unit**	**Value**
Land Acquisition Cost for 163 ha government land (including TDS of 10%)	Rs.	74,80,67,000
Payment to DM, Jalna for 75% of Ready Reckoner Rate for Private Land admeasuring 22.09 ha	Rs.	8,58,50,250
Compensation Amount paid to Farmers	Rs.	3,99,20,550
Year of Purchase	Year	2015
Stamp Duty Paid by JNPT	Rs.	52,81,030
Total land Area	Acres	454.72
Total Land Area for Phase-I Development	Acres	71.45
Cost of Land for Dry Port Development	**Rs.**	**87,91,18,830**
Cost of Land after escalation @ 8% per year for the Year 2021	**Rs.**	**1,19,60,31,483**
Multiplication Factor (Proportionate to Area in Acres) i.e Phase-I area / Total Area =71.45/454.73	**-**	**0.157**
Cost of Land for development of Phase I	**Rs.**	**18,79,41,844**

(j). The total cost to be recovered from the project in Phase-I is ₹ 53,91,50,689 /- [Land Cost of ₹18,79,41,844/- + Base Construction Cost of ₹35,12,08,845/-] on a total saleable area of 32.27 Acres. The market value of the land thus becomes ₹4130 per sq.mt. Fixing 6% of the assessed market value of the land (rounded off to nearest multiple of 10) as the lease rentals gives the Annual Lease Rental at ₹248 per sq.mt. per annum (Say ₹250/-), as shown below:

	Value
Total Cost to be Recovered from the Developer	₹. 53,91,50,689
Cost of Land per Acre (including development charges) of All Phases area (Considering Saleable Area of 32.27 Acres)	₹. 167 Lakhs per Acre
Market Value of Land per sq.m.	**₹. 4130 per Sqm.**
Annual Lease Rental per sq.m. (6% of cost)	**₹. 248 per sq.m (Say 250 per sq.m)**

(k). Existing rates in the similar estates or industrial parks in the region have been considered for benchmarking the land rates. On a regional landscaping of similar facilities, considering few of the best estates offered by Maharashtra Industrial Development Corporation (MIDC) in locations such as Jalna and Aurangabad, it is seen that the overall MIDC average rates in nearby regions within 200 kms from Dry Port Jalna, is in the range of ₹ 200/- to ₹ 2050/- per sq.m.

The industrial land rates are significantly lower in regions far from Aurangabad, as MIDC regions nearer to Aurangabad have established facilities, connectivity and a client base, leading to land rates being higher. The highest rates are those in Aurangabad (Waluj, Aurangabad and Chikalthana) at INR 2050 per sqm.

2.2. A summary of the market value arrived at by JNPT under different methods and Lease rent at 6% of the market value is given in the following table:

Market value and Lease rent for Phase-I

(Amount in ₹)

	FACTORS				
	State Govt. Ready Reckoner	**Highest Rate of actual relevant transactions**	**Highest accepted Tender cum auction Rate**	**Rate arrived at by approved value**	**Any other relevant factor (Total development cost + cost of acquisition of the land for phase-I development**
Market Value (per sq. mtr.)	1370	475	NIL	NIL	4130
Lease rent at 6% of market value per sq. mtr. per annum	83	28	NIL	NIL	248 rounded off to 250

2.3. The relevant extract of the Scale of Rates furnished by the JNPT is reproduced below:

"**Scale of Rates for Allotment of Port Land**:
Allotment of land for the development of Dry Port as per the rates indicated below:

Sr. No.	**Zone**	**Reserve Price in terms of Annual Lease Rentals (₹ per sq.mt per annum)**
1	Land identified as Phase-I inside the Dry Port area in Jawasgaon and Daregaon, Distt. Jalna, Maharashtra	250/-

3. In accordance with the consultative procedure prescribed, a copy of the proposal of JNPT dated 28 October 2020 was forwarded to the concerned users/ user organisations/ prospective bidders (as per the list furnished by JNPT) seeking their comments. None of the users/ user organisations/ prospective bidders have furnished their comments till the case was finalized.

4. In view of the outbreak of COVID – 19 and in pursuance of the then Ministry of Shipping (MOS) letter No. 11053/30/2020-Coord. dated 16 April 2020 to hold virtual meetings, a joint hearing on the case in reference was held on 19 February 2021 through Video Conferencing. The JNPT made a Power point presentation of the proposal. At the joint hearing, neither the users nor prospective bidders were present. The JNPT have made their submissions during the joint hearing.

5. The proceedings relating to joint hearing held in this case are available on records at the office of this Authority. An excerpt of the arguments made by the parties will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

6. With reference to the proposal filed by the JNPT and the justification given by JNPT, the following position emerges:

(i). The JNPT has envisaged a project to develop a Dry Port area in the Marathwada region of Jalna district of Maharashtra. The JNPT has acquired land admeasuring 182 hectares for development of Dry Port in two phases. Out of this, an area of about 28.58 hectares is envisaged to be developed in 1st phase as an Inland Container Depot (ICD) and its operations and in 2nd phase, the balance area will be developed as Industrial area. The proposal of JNPT is with regard to fixing lease rent as reserve price for allotment of land in 1st phase only.

(ii). The cost of acquisition of land by JNPT in the year 2015-16 is reported to be ₹. 87.91 crores including compensation amount paid to farmers, stamp duty and Registration charges. The said cost of land was escalated @ 8% p.a. to arrive at the cost as of 2019-20, which works out to ₹. 119.60 crores (₹. 87.91 x 1.08 x 1.08 x 1.08 x 1.08= ₹ 119.60 crores). The said amount has been proportionally considered for the land area envisaged to be developed in Phase-I at ₹ 18.79 crores. The Prospective Developer would develop the ICD and the associated facilities. The JNPT also envisages to incur an amount of ₹ 35.12 crores to develop common infrastructure viz., cutting and filling of plots (area levelling), approach road, internal roads, street lighting, electric sub-station & area lighting, compound wall, water supply, Sewage Treatment Plant (STP), entry and exit gates etc., Thus, the proposal of the port is to fix lease rental for allotment of land area to the Prospective Developer for development of ICD and associated facilities in the first phase of development based on the stipulations contained in the amended Land Policy Guidelines of 2014. The proposal of the port has the approval of its Board of Trustees.

The LAC in its report has recommended two different rates in terms of annual lease rentals under two scenarios. A rate of ₹. 250 per sqm per annum is recommended for the allotment of land of Phase-I area and in case of allotment of land for the entire area (Phase-I + Phase-II + Phase-III combined), a rate of ₹. 83 per sqm. per annum is recommended for development of Dry port area in Jalna. However, the Board of Trustees of JNPT has approved an annual lease rent for allotment of land in Jalna Dry Port area at ₹ 250/- per sqm. per annum for Phase-I area (for ICD development). In view of this position, this Authority is constrained to take up the proposal for prescribing lease rental for the Phase-I development of ICD at Jalna Dry Port. The JNPT can approach this Authority for approval of lease rental for the remaining area of Jalna Dry Port with the approval of its Board following the applicable Land Policy Guidelines.

(iii). For the purpose of determining lease rentals for the lands belonging to the Port Trusts, this Authority is mandated to follow the land policy guidelines issued by the Government from time to time. The JNPT has stated that the lease rental is to be fixed following the Land Policy Guidelines. Accordingly, the proposal of JNPT has been taken up for fixing lease rentals following the latest Land Policy Guidelines of 2014, issued by the Ministry of Shipping (MOS) to all the Major Port Trusts on 17 July 2015.

(iv). As per clause 13(a) read with clause 11.2(e) of the amended Land Policy Guidelines 2014, a Land Allotment Committee (LAC) constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic shall determine the market value of land as per the methodology prescribed in clause 13(a). Accordingly, the

JNPT has constituted a Land Allotment Committee (LAC) under the chairmanship of the Deputy Chairman and with Chief Manager (Finance), Chief Manager (Traffic) and Chief Manager (PPD) being the other members of the Committee. The JNPT has furnished a copy of the Report of the LAC.

(v). (a). Clause 13(a) of the amended land policy guidelines of 2014 prescribes the methodology for determination of market value of the land based on the five factors as prescribed therein. In terms of the said para of the amended Land policy guidelines of 2014, the LAC may normally take into account the highest of the factors mentioned therein, viz. (i). State Government ready reckoner of land values in the area if available for similar classification/ activities, (ii). Highest rate of actual relevant transactions registered in the last three years in the Port's vicinity with an appropriate annual escalation rate to be approved 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 appointed for the purpose by the Port and (v). Any other relevant factor as is identified by the Port.

(b). Further, as per clause 13 (c) read with clause 13(a) and (b) of the land policy guidelines of 2014, the port shall file a proposal to this Authority for fixation of latest SOR of the land based on the market value of land recommended by the LAC which will normally take into account the highest of the five factors for market value of land stipulated in Para 13 (a) of the land policy guidelines of 2014. The amended Land Policy guidelines of 2014 also stipulates that in case the LAC is not choosing the highest factor, the reasons for the same have to be recorded.

(c). Of the five factors prescribed in the amended Land Policy Guidelines, 2014 for arriving at the market value of the land for Phase-I development of Dry Port at Jalna, the LAC is reported to have observed that allotment of land parcels at a lease rent of ₹83.00 per Sq. meter per annum based on State Government's Ready Reckoner rate would not recoup the investments of JNPT in developing the land parcels and building the infrastructure for operationalizing the Dry port area. The LAC has reported to have not taken into account the sale transactions recorded in the vicinity of the Dry port area, on the ground that acquisition of the land by JNPT is the latest land transaction concluded in the area and that the lease rent so worked out at ₹ 28 per sq. meter per annum based on the said acquisition cost would not be sufficient to recoup the investment incurred by JNPT. Further, since the port had not floated any tender for auction of the land in dry port area, such rates were not available for consideration of the LAC. Also, since the land has been acquired by the port recently and since the actual investment by the port is available, the LAC is reported to have not felt the necessity to determine the market value of the land by an approved valuer. In view of the above position, the LAC has decided to adopt 'any other factor' as stipulated in the Guidelines. In this connection, the LAC is seen to have worked out the land pricing taking into account the land acquisition cost and the cost of development of infrastructure facilities to be spent by JNPT for Phase-I of the Project.

(d). By taking into account the acquisition cost along with the estimated development costs related to the Phase-I, the market value of the land as of 2019-20 has been arrived at ₹ 53.92 crores for area envisaged to be developed in Phase-I Considering the saleable area of 32.27 acres, the market value has been arrived at ₹ 167 lakh per acre (₹ 53.92 crores/ 32.27 acres). Market value of land per sq.mtr. works out to ₹ 4130/-. Thereafter, based on the stipulation in Clause 13(b) of the amended Land Policy Guidelines that the Reserve Price in terms of the annual lease rent would in no case be less than 6% of the latest market value of the land, the Lease rental at 6% of the market value of the land has been worked out to about ₹ 248/- per sq.m per annum, which has been rounded off to ₹ 250/- per sq.m per annum by JNPT.

(e). Considering an annual escalation of 2% per annum on the lease rental of ₹ 250/- per sq.m per annum for a period of 30 years and applying a discounting factor of 6.55%, the net present value of the one-time upfront amount to be paid by the allottee has to be arrived by JNPT as a reserve price in terms of upfront premium for allocation of land on 30 year lease basis.

(vi). The pricing strategy is reported to have been reviewed diligently by the Board of JNPT and the LAC, and has been found to be appropriate for the first phase of bidding for the Dry Port area (Phase-I). Given that the LAC has, after considering the market valuation of land as explained above, arrived at the proposed lease rental and also recognising that the Board of Trustees of JNPT have approved the rate finalized by the LAC, and considering that the proposal filed by JNPT is in line with the stipulation contained in the Land policy guidelines of 2014, this Authority is inclined to accept the proposed lease rent of ₹ 250/- per sq.m per annum.

(vii). The JNPT has proposed definitions for the terms viz., ‘Board’, ‘TAMP’, ‘Chairman’ and ‘Land’, which are seen to be in line with the definitions prescribed for the said terms in the Major Port Trusts Act, 1963, and hence is approved.

(viii). The JNPT has proposed a note to the effect that the prescribed Scale of Rates shall be subject to annual escalation @ 2% per annum on the annual lease rental unless and otherwise revised by the applicable laws.

Clause 13(c) of the revised Land Policy Guidelines, 2014, stipulates fixing of the rate of annual escalation at not less than 2%. Accordingly, the JNPT is seen to have adopted an annual escalation of 2% per annum for the proposed rentals. In this context, it is relevant to mention here that the Rent Schedule fixed now will be valid for a period of five years. As such, the annual escalation of 2% as proposed by the port now shall also remain valid during the tenure of the validity of the Rent Schedule, unless and until a new Land Policy prescribing a different escalation factor comes into effect during the tenure of the validity of the Rent Schedule. Accordingly, the note proposed by the JNPT is approved.

(ix). The JNPT has proposed a note to the effect that the Scale of Rates for lease of Land in the Dry Port area shall be revised/ reviewed after five years with the approval of Competent Authority in accordance with the applicable Land Policy Guidelines. The revised lease rental shall be applicable on fresh leases effective from the date of implementation of the Order passed by the Competent Authority. Clause 13(c) of the revised Land Policy Guidelines, 2014, mandates this Authority to revise Scale of Rates once in every five years. Accordingly, the note proposed by the JNPT is approved.

(x). The JNPT has proposed a note to the effect that the Scale of Rates shall be subject to the conditions and stipulations prescribed in the Policy Guidelines for Land Management, 2015 and subsequent amendments (if any) and other applicable laws and regulations communicated by the Government from time to time. The proposed note is approved.

(xi). The JNPT is seen to have not proposed any note with regard to levy of Way Leave/ Special Way Leave Charges. In this regard, it appears that the JNPT may not have envisaged levy of any Way leave/ Special way leave charges in Phase-I development of ICD in the dry port area at Jalna, to be allotted to prospective operators. However, if JNPT envisages any Way leave/ Special Way Leave, the JNPT is advised to seek the approval of this Authority for Way leave/ Special Way Leave with due justification following Land Policy Guidelines, 2014.

7.1. In the result, and for the reasons given above and based on the collective application of mind, the Scale of Rates for allotment of Land for development at Dry Port in Jalna for Phase-I area alongwith the conditionalities, as attached as **Annex**, is approved.

7.2. As per the general approach followed by this Authority to make the Rent Schedule have a prospective effect with the lead time of 30 days during the first time of determination of rentals for port properties, the Scale of Rates shall become effective after expiry of 30 days from the date of notification of this Order in the Gazette of India and shall be in force for a period of five years thereafter. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

(T.S. Balasubramanian)
Member (Finance)

Annex

SCALE OF RATES (SOR) FOR ALLOTMENT OF JAWAHARLAL NEHRU PORT TRUST LAND IN AREA ACQUIRED FOR DEVELOPMENT OF DRY PORT IN JALNA, MAHARASHTRA.

1. **Short Title, Commencement and Application:**

a) This may be called “The Scale of Rates of Jawaharlal Nehru Port Trust for allotment of Port owned land for leasing purpose for Development of Dry port in Jalna, Maharashtra”.

b) The same shall come into force on such date as specified by Tariff Authority for Major Ports (TAMP).

c) It applies to the land located at Jawasgaon and Daregaon village in Jalna District owned by JN Port and identified for development of Dry Port from the date of approval of the Board.

2. **Definition**

a) “**Board**”, in relation to a Port means the Board of Trustees constituted under Major Port Trust Act, 1963 for the Port.

b) “**TAMP**”, means the Tariff Authority for Major Ports constituted under section 47-A of Major Port Trust Act, 1963.

c) “**Chairman**”, means the Chairman of the Board and includes the person appointed to act in his place under section 14 of Major Port Trust Act, 1963.

d) “**Land**”, shall have the meaning assigned to it as in Section 2(k) of Major Port Trust Act, 1963.

3. **Scale of Rates for Allotment of Port Land:**

3.1. Allotment of land for the development of Dry Port as per the rate indicated below:

Sl. No.	Zone	Reserve Price in terms of Annual Lease Rental (₹ per sq.mt per annum)
1	Land identified as Phase-I inside the Dry Port area in Jawasgaon and Daregoan, Distt. Jalna, Maharashtra	250/-

3.2. Annual Escalation:

The prescribed Scale of Rates mentioned in Section 3.1 above shall be subject to annual escalation @ 2% per annum on the annual lease rental unless and otherwise revised by the applicable Land Policy Guidelines.

3.3. Revision in Scale of Rates:

The Scale of Rates for lease of Land in the Dry Port area shall be revised/reviewed after five years with the approval of Competent Authority in accordance with the applicable Land Policy Guidelines. The revised lease rentals shall be applicable on fresh leases effective from the date of implementation of the Order passed by the Competent Authority.

4. **Terms and Conditions:**

4.1. Regulations:

The Scale of Rates shall be subject to the conditions and stipulations prescribed in the Policy Guidelines for Land Management, 2015 and subsequent amendments (if any) and other applicable laws and regulations communicated by the Government from time to time.

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SUMMARY OF THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.

F.No.TAMP/54/2020 - JNPT	**:**	**Proposal received from Jawaharlal Nehru Port Trust (JNPT) for notification of Reserve Prices for allotment of Land in Dry Port Area at Jalna, Maharashtra on lease basis**

A summary of the arguments made by the JNPT and the users/ user organisations during the joint hearing held on 19 February 2021 through video conferencing is given below:

JNPT

(i). The JNPT has acquired land admeasuring 182 hectares for the purpose of development of Dry Port in two phases. Out of this, about 28.58 hectares is envisaged to be developed in 1st phase as an Inland Container Depot (ICD) and in 2nd phase, the balance area will be developed as Industrial area. The proposal of JNPT is with regard to fixing lease rent to be levied for allotment of land in 1st phase only.

(ii). Out of the 28.58 hectares for development of ICD, a contiguous portion of land of 12.91 hectares is intended to be given on lease to the bidders. The scope of the bidder is to develop the ICD.

(iii). The Tentative cost of the project is estimated at ₹.327 crores. Out of which, about ₹.60 crores is expected to be incurred by the private operator and the remaining by the JNPT for development of ICD in the 1st phase.

(iv). The Land is outside the Custom bond area and the tenure for lease is for 30 years. DIB approval was granted on 4 May 2020. The proposal has been routed by the LAC. The JNPT board has approved the proposal in October 2020.

(v). Lease rentals calculation under the five factor of Land Policy Guidelines,

(a). First factor -ready reckoner rate, the lease rate works out ₹.82.2 per sqm.

(b). Second factor- relevant transactions, the rate at which the JNPT acquired the land is ₹.475 per sqm., which turns to a lease rate of ₹.28 per sqm.

(c). Third factor - There is no highest tender cum auction rate

(d). Fourth factor – JNPT has not appointed any valuer.

(e). Fifth factor – JNPT has adopted recovery of total development cost and the cost of acquisition of land for Phase-I. However, proportionate cost of development of phase-I is considered. The Market Value of the land works out to ₹. 4130 per sqm and the lease rentals @ 6% of the value of the land works out to ₹. 248 per sqm. or say ₹.250 per sqm.

(vi). Out of the five factors of Land Policy Guidelines, the value of land considered by JNPT taking into account of cost the acquisition cost and development cost is found to be highest and has been recommended by LAC. Lease amount has been calculated on the value of the land, which works to ₹.250 per sqm.

(vii). MIDC/ Regional benchmark prices in the region of Jalna are around ₹.200 to 2050 per sqm. For the purpose of analysis of the proposal, thus reference range of ₹.200 to 2050 per sqm. is adopted.

(viii). Calculation of Upfront premium has been done considering lease rentals@ 6% on the value of land, escalating 2% p.a. as per the Land Policy guidelines and NPV has been arrived considering G-Sec Ratio of 6.5% prevailing in June 2020.

[Member (Finance), TAMP]

(ix). Has any prospective bidder given any comments on this?

[JNPT: No, as of now. Pre-bid meeting as regards the tender was held with the prospective operators, 5 to 6 participants attended. No questions have been raised regarding the proposed lease rate.

(x). Based on the lease rental, will it be auctioned?

[JNPT: Yes, we will follow the tender cum auction mode. We are giving it as an upfront rate. The lease rentals of ₹. 250 per sqm will be converted as upfront premium and will be considered as based price for auctioning.
