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**TARIFF AUTHORITY FOR MAJOR PORTS**

G.No. 383

New Delhi,

30 October 2019

**NOTIFICATION**

In exercise of the powers conferred under Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Mumbai Port Trust (MBPT) for fixation of lease rent for allotment of land area alongwith 'M' shed for retrofitting, operation and maintenance of M-shed at Prince's dock at MBPT, as in the Order appended hereto.

**(T.S. Balasubramanian)**

Member (Finance)

**Tariff Authority for Major Ports**  
**Case No. TAMP/35/2019-MBPT**

The Mumbai Port Trust

- - -

Applicant

**QUORUM**

- (i). Shri. T.S. Balasubramanian, Member (Finance)
- (ii). Shri. Rajat Sachar, Member (Economic)

**ORDER**

(Passed on this 10<sup>th</sup> day of October 2019)

This case relates to a proposal received from Mumbai Port Trust (MBPT) for fixation of lease rent for allotment of land area alongwith 'M' shed for retrofitting, operation and maintenance of M-shed at Prince's dock at MBPT.

2.1. The main points made by the MBPT in its proposal letter No.FA/OEA-L-14(19)/Gen/593 dated 19 July 2019 are summarized below:

- (i). Prince's Dock, along with Victoria Dock, was built in the 18<sup>th</sup> century, during the Great Britain Government, to face the increase in maritime traffic in Mumbai. Over the years due to the increase in the cargo handling traffic, the above mentioned two docks were filled up to create a new terminal container in the Mumbai Port. However, after the development of the Jawaharlal Nehru Port in the year 2017 for handling increased cargo traffic, the MBPT decided to develop the said dock area for leisurely activities and make it more suitable for urban usages.
- (ii). Eastern Water Front development:

MBPT is in the process of revamping its activities with the introduction of tourism, developing public spaces and office spaces by way of the master planning of about 500 ha. This will open up the Eastern Waterfront to the residents of Mumbai and suburbs and to the rest of the nation. The revamping of the Eastern Water Front includes development of:

- a. Domestic Cruise Terminal
  - b. RO-RO Pax
  - c. Marina
  - d. M-Shed
- a. **Domestic Cruise Terminal:** The Domestic Cruise Terminal (DCT) is the Phase 1 of the overall waterfront / promenade planned by MBPT, which will have various water transport facilities and leisurely activities for public. The waterfront area stretches to almost 1 km length and many activities like walkways, eateries, souvenir stalls, watch tower, gardens and social events including the Domestic Cruise Terminal (DCT) operations shall be carried out in the said area. DCT operations shall begin soon and domestic cruises will ply between Mumbai and Goa.
  - b. **RO-RO Pax:** The Eastern Waterfront shall also comprise the RO PAX area, which will ply passengers and vehicles from Mumbai to Mandwa and back and its operation will commence shortly.
  - c. **Marina:** A considerable fact for development of a marina in Mumbai is the high number of yachts that visit the city or are based locally. A marina is planned which will accommodate approximately 310 number of yachts (including 102 dry stacking). The marina will also contain ship repair facility and a club. The DPR of Marina is under preparation and execution of the same shall begin soon. The marina promenade has an existing shed popularly known as M shed which is planned to be retrofitted and used for indoor canteen/restaurant facilities.
  - d. **M- Shed:** M-Shed is an old depot structure located on the eastern part of the Prince's Dock area. It is a reinforced-concrete building with pillars and beam. Many staircases connect the ground floor with the mezzanine. The main access is located towards the land side; the building is covered by pitched roof. As per the building plan, the said structure is divided into 11 parts, each having a large opening once used as an access for freight movements and a long window for the passage of light to the

interior. Presently, the building is being partially used wherein 4 spans host technical equipment, the other 7 are vacant and abandoned. The features of the building are as below:

| Sr. No | Detail Description                    | Unit  | Measurement  |
|--------|---------------------------------------|-------|--------------|
| 1      | Rectangular plan                      |       |              |
| A      | Length x Breadth                      | M     | 75.5 x 21.16 |
| B      | Total Area                            | Sq.m. | 1,598        |
| 2      | Total Height of M-Shed                | M     | 9.3          |
| 3      | Height of Mezzanine Floor from Ground | M     | 3.4          |
| 4      | Total No. of Span                     | Nos.  | 11.0         |

- (iii). MBPT will also provide land area of approx. 1,027 sq. mts on the western side of the M Shed at the Prince's Docks. The MBPT will hand over the project site to the Contractor for Development, Operation & Maintenance of Canteen/ Restaurant as a facility for RO PAX, post signing the Agreement. Land around M-Shed will be developed and maintained by the MBPT and pedestrian access will be given to M-Shed. The Contractor is expected to carry on operations and maintenance of the Commercial Operation Area and only external maintenance of the Terminal Area till the end of the Contract Period of 15 years. Depending upon the requirement, the Contractor has to develop M-shed as well and ensure maintenance of the same as required for the smooth operations.

- (iv). Brief particulars of the project are provided in the table below:

| Name of the Project                                                             | Number of years of Agreement                                                   | Estimated Project Cost (In ₹ Cr.) |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------|
| Development, Operation and Maintenance of M-Shed at Prince's Dock (Mumbai Port) | 15 years from the date of signing the Agreement, defined as "Agreement Period" | Approx. 16.37                     |

- (v). Para 13 of the Land Policy outlines the procedure to be adopted by the Land Allotment Committee (LAC) for determining the market value of land. The same is reproduced below:-

"13. Market value of land and SoR.

- (a). Land Allotment Committee may normally take into account the highest of the factors mentioned herein below to determine the latest market value of Port land. In case the Land Allotment Committee is not choosing the highest factor, the reasons for the same have to be recorded in writing.

- (i). State Government's Ready Reckoner of land values in the area, 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 appointed for the purpose by the Port.
- (v). Any other relevant factor as may be identified by the Port.

- (b). The LAC shall, while recommending the latest Market Value for any land would normally take into account the highest of the factors mentioned in Para 13 above. Reserve Price in terms of the annual lease rent would be latest SoR determined in accordance with Para 13(a) and 13 (c) and would in no case be less than 6% of the latest market value recommended by the Port Trust.

(c). The Port Trust would make a proposal as outlined in Para 13(a) to TAMP for fixing the latest SoR of the land. The TAMP would notify the latest SoR of the land after following due process of consultation with stakeholders within 45 days of the receipt of the proposal. The Port Trust Board will fix a rate of annual escalation which would not be less than 2%. SoR would be refixed once in every 5 years by TAMP.

(d). Reserve Price for Auction  
The reserve price should be the latest SoR with due escalation for all leases within and outside the Custom Bonded Area.”

(vi). Determination of values :

M/s. Mahesh Shetty, Consultants and Valuers, Mumbai appointed for the valuation by the Estate department has submitted the report on 25.10.2018 for the proposal. The valuer has recommended ₹.1,57,000/- per sq. mtr. as valuation cost.

(vii). The Operator shall pay premium amount to MBPT every year from 1<sup>st</sup> anniversary of the Date of Commercial Operation. The operator shall pay the Annual fixed fee to MBPT from the date of award of agreement and at the start of each subsequent anniversary.

(viii). The lease rent shall be charged at 6% of the land value of ‘M’ shed and outside land area. The lease rent calculation is shown in the table below:

| Sr. No. | Location                                      | Area in Sq. mtr. to be given | Rate considered in INR   | Value of asset in INR                          | Reference       |
|---------|-----------------------------------------------|------------------------------|--------------------------|------------------------------------------------|-----------------|
| 1.      | M-shed (Bays 3 to 11)                         | 1307.34                      | 1,57,000 Per Sq. M.      | 20,52,52,380                                   | Valuers' report |
| 2       | Open strip of outside land on west of M-shed. | 453.00                       | 62,800 (40% of 1,57,000) | 2,84,48,400                                    | ---do--         |
|         |                                               |                              | Total in INR             | 23,37,00,780                                   |                 |
| 3.      | Lease rent @ 6% of ₹ 23,37,00,780             | 6/100* ₹ 23,37,00,780        |                          | 1,40,22,046.80<br><b>Say<br/>₹ 1,40,00,000</b> |                 |

(ix). The Committee has recommended the rate arrived at in the table above i.e. ₹1,40,00,000/- per year to be charged as fixed fee for the area admeasuring 1760.34 sq. mtr. and also premium amount for a period of 15 years to the successful operator / bidder as per the table shown below :-

| YEAR                         | ANNUAL FIXED FEE (₹) | PREMIUM (₹) |
|------------------------------|----------------------|-------------|
| 1                            | 14,00,000            | -           |
| 2                            | 14,00,000            | -           |
| 3                            | 1,00,00,000          | -           |
| 4                            | 1,04,00,000          | 2,34,99,999 |
| 5                            | 1,21,00,000          | 2,44,39,999 |
| 6                            | 1,40,00,000          | 2,54,17,599 |
| 7                            | 1,62,00,000          | 2,64,34,303 |
| 8                            | 1,88,00,000          | 2,74,91,675 |
| 9                            | 2,19,00,000          | 2,85,91,342 |
| 10                           | 2,54,00,000          | 2,97,34,996 |
| 11                           | 2,94,00,000          | 3,09,24,395 |
| 12                           | 3,42,00,000          | 3,21,61,371 |
| 13                           | 3,96,00,000          | 3,34,47,826 |
| 14                           | 4,60,00,000          | 3,47,85,739 |
| 15                           | 5,34,00,000          | 3,61,77,169 |
| End of 15 <sup>th</sup> Year | -                    | 3,76,24,256 |

|              |                       |
|--------------|-----------------------|
| <b>Total</b> | <b>₹ 72,49,30,669</b> |
|--------------|-----------------------|

- (x). The Committee appointed by the Board has recommended rate arrived at in the table as given at Sl. no. (viii) above i.e. ₹ 1,40,00,000/- per sq. mtr. per annum. The gross payment including fixed fee and premium @ 4% annual escalation per annum as shown in the table above, works out to ₹ 72,49,30,669/- for 15 years.

2.2. The MBPT has furnished the following documents along with the proposal.

- (a). Copy of the MBPT Proposal.
- (b). Copy of the Report of the Valuer (Mahesh Shetty consultants & valuers).
- (c). Copy of the Land Allotment Committee (LAC) Report.
- (d). Copy of the Board Resolution of the MBPT Board approving the recommendations of the LAC (TR no. 195 dated 13.11.2018)
- (e). Copy of the Board Resolution of the MBPT Board approving for constituting LAC. (TR no. 165 dated 08.10.2018)
- (f). List of User – only one user i.e. M/s Sea Pride Banquet Pvt. Ltd.

2.3. Accordingly, the MBPT has requested TAMP to fix the lease rent of ₹1,40,00,000/- per annum and to fix the premium charges alongwith lease rent.

3.1. While acknowledging the proposal, we have vide our letter dated 25 July 2019 conveyed to MBPT that the proposal of MBPT would be taken up only to extent of fixing the lease rental for the M-shed (Bays 3 to 11) and the Open strip of outside land on west of M-shed to be allotted by the MBPT to the successful bidder subject to outcome of the consultation procedure and further scrutiny of the proposal in reference.

3.2. Vide the above said letter, the MBPT was also requested to furnish the Draft SOR along with the conditionalities indicating unitised lease rentals for M-shed (Bays 3 to 11) and Open strip of outside land on west of M-shed separately.

4. In the meanwhile, in accordance with the consultative procedure prescribed, a copy of the MBPT proposal dated 19 July 2019 was forwarded to the concerned users/ user organizations/ prospective bidders vide our letter dated 25 July 2019 seeking their comments. We have not received any comments from the users / user organizations/ prospective bidders till the case was finalized.

5.1. A joint hearing on the case in reference was held on 14 August 2019 at the office of this Authority in Mumbai. At the joint hearing, the MBPT made a brief power point presentation on the proposal. At the joint hearing, the users/ user organisations and the MBPT have made their submissions.

5.2. As decided at the joint hearing, and in response to our letter dated 25 July 2019, the MBPT vide its letter dated 16 August 2019 has forwarded the draft Schedule of rates for area under land and structure at MBPT M-Shed at Prince's Dock, which is as follows;

**“Schedule of Rate for area under land and structures at Mumbai Port Trust**

**(MBPT) M-Shed at Prince's Dock**

| Sr. No. | Location                | Lease Rentals per Sq.mtr per annum (in ₹) |
|---------|-------------------------|-------------------------------------------|
| 1.      | Land area               | ₹.62,800.00<br>(40% of ₹ 1,57,000.00)     |
| 2.      | Land – Under Structures | ₹. 1,57,000.00                            |

Note:

All the rates provided in the above schedule shall get automatically escalated by 4% p.a. as approved by the Board of Trustees vide TR No. 21 of 31.05.2011 as per clause 13(c) of PGLM.

”

6.1. On scrutiny of the proposal, it was seen that some information/ clarification were required from MBPT. Accordingly, we have vide our letter dated 20 August 2019 requested MBPT to furnish the following requisite information / clarification. The MBPT has responded vide its letter No. FA/OEA-L-14(19)/Gen/768 dated 13 September 2019. The information sought by us and the response of MBPT thereon is tabulated below:

| Sl. No. | Information/ Clarification sought by us                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Response of MBPT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                            |          |                    |                            |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------|--------------------|----------------------------|
| (i).    | As per para 2.1 of the proposal, the MBPT has indicated that a land area of approx. 1027 sq. mtrs. on the western side of the M.Shed at the prince's docks will be handed over to the contractor, whereas, at para 2.2 of the proposal, the open strip of outside land on west of M Shed is considered as 453 sq. mtrs. for allotment. The MBPT to clarify the reason for the difference in the land area considered at para 2.1 and para 2.2 of the proposal.                                                                                                                                                                                         | Area of open strip of outside land on west of “M” Shed shall be considered as 453 Sq. Mtrs. Area of 1027 Sq. Mtrs. mentioned in para 2.1 was a typographical error.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |          |                    |                            |
| (ii)    | As seen from the valuation report at point VI – Value considering the existing infrastructure facilities, the valuer has arrived at the land value of M Shed at new ferry wharf at ₹ 157000 per sq. mtr. and depreciated building at ₹ 2750/- per sq. mtr. However, as seen from the proposal at para 2.2, the MBPT has proposed only ₹.157000 per sq. mtr. for M Shed (bays 3 to 11) and has not considered the depreciated building rate of ₹2750/- per Sq. Mts. The MBPT to clarify whether the structures of the M Shed building is proposed to be allotted to the contractor or not? If so, the MBPT to suitably modify the proposal accordingly. | Existing “M” Shed structure (Bays 1 to 11) situated on MBPT land admeasuring 1,598 Sq. Mtrs. is to be allotted to the successful bidder. Of which, bays 1 and 2 (adm.290.66 Sq. Mtrs.) will be retrofitted by operator as Ro-Pax Passenger Terminal as a facility service for Ro-Pax passengers. Remaining bays, i.e. 3 to 11 (adm.1,307.34 Sq. Mtrs) will be allotted for commercial exploitation by operator. It was brought to the notice of Land Allotment Committee (para 2 (viii) of LAC Report) that the said structure has outlived its useful life. Therefore, LAC has recommended to charge only land area under structure (adm. 1,307.34 Sq. Mtrs.) at 6% return of ₹ 1,57,000 |                            |          |                    |                            |
| (iii)   | The basis to consider the value of “Open strip of outside land on west of M.Shed” at 40% of ₹ 157000/- needs explanation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | As regards strip of land admeasuring 453 Sq. Mtrs, it is stated that after many deliberations, MBPT decided that the open land area of 453 Sq. Mtrs. will be given to operator on which no commercial purpose development will be allowed. Therefore, considering it as ‘No Development Zone’, and applying provision of ‘No Development Zone’ furnished in Stamp Duty Ready Reckoner 2018-19, rate has been considered @ 40% of the developed land rate of ₹1,57,000. [MBPT has furnished a copy of the relevant extract of the Stamp Duty Ready Reckoner Mumbai 2018-19 in the regard.]                                                                                                 |                            |          |                    |                            |
| (iv).   | As seen from the proposed draft SOR furnished by MBPT, it is seen that the MBPT has proposed lease rent of ₹ 62800/- per sq.mtr. per annum for land area and lease rent of ₹ 157000/- per sq.mtr. per annum for land under structures. From the Valuation Report as furnished by MBPT alongwith its proposal, the value of M shed at New Ferry Wharf on land area has been determined by the Valuer at ₹ 157000/- per sq.mtr. In such a case, the lease rent would have to be worked out @ 6%                                                                                                                                                          | <p>The Revised Draft SOR furnished by the MBPT is given below :</p> <p><b>Schedule of Rate for area under land and structure at Mumbai Port Trust (MBPT) M-Shed at Prince's Dock</b></p> <table><tr><th>Sr. No.</th><th>Location</th><th>Area (in Sq. Mtrs)</th><th>Lease Rentals per sq. mtr.</th></tr></table>                                                                                                                                                                                                                                                                                                                                                                          | Sr. No.                    | Location | Area (in Sq. Mtrs) | Lease Rentals per sq. mtr. |
| Sr. No. | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Area (in Sq. Mtrs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Lease Rentals per sq. mtr. |          |                    |                            |

|                                                                                                                                                                                                 |                                                                                                                                                                                                     |                                                                 |          |  |  |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------|--|--|-------------------------|
|                                                                                                                                                                                                 | of ₹ 157000/- of land value, which works out a lease lent of ₹ 9420/- per sq.mtr. per annum. The MBPT to examine this aspect and propose correct lease rent to be approved in the subject proposal. |                                                                 |          |  |  | <b>Per annum (in ₹)</b> |
|                                                                                                                                                                                                 | 1.                                                                                                                                                                                                  | Strip of open land                                              | 453.00   |  |  | ₹ 3,768                 |
|                                                                                                                                                                                                 | 2.                                                                                                                                                                                                  | Land under structures for commercial utilization (Bays 3 to 11) | 1,307.34 |  |  | ₹ 9,420                 |
|                                                                                                                                                                                                 | 3.                                                                                                                                                                                                  | Land under structure – for Ro-Pax Terminal (Bays 1 and 2)       | 290.66   |  |  | Nil                     |
| Note:<br>All the rates provide in the above schedule shall get automatically escalated by 4% p.a. as approved by the Board of Trustees vide TR No. 21 of 31.05.2011 as per Clause 13(c) of PGLM |                                                                                                                                                                                                     |                                                                 |          |  |  |                         |

7. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the 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>.

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

- (i). As part of the project involving revamping of the Eastern Water Front of Mumbai Port Trust (MBPT), the MBPT intends to develop M-Shed (bays 1 to 11) admeasuring 1598 Sq. mts. The Contractor, who will be engaged by the MBPT would be involved in the Development, Operation & Maintenance of the facilities at M-shed, for a period of 15 years. Thus, the MBPT has come up with a proposal for fixation of lease Rental for the land and structures at MBPT's M-Shed at Prince's Dock based on the provisions of the amended Land Policy Guidelines, 2014.
- (ii). The MBPT has filed its proposal in July 2019. The MBPT has furnished the additional information/ clarification sought by us in September 2019. The proposal of MBPT along with the information/ clarification furnished by the MBPT during the processing of the case in reference, is considered in this analysis.
- (iii). This Authority is mandated to follow the Land Policy Guidelines issued by the Government from time to time for the purpose of determining lease rentals for the lands belonging to the Port Trusts. The Ministry of Shipping in the Government of India has announced Land Policy Guidelines for Major Ports, 2014 in January 2014 which has come into effect from 2 January 2014. Subsequently, the Ministry of Shipping has issued amended Land Policy Guidelines, 2014 under Section 111 of the MPT Act, 1963 for implementation with effect from 17 July 2015. Thus MBPT has, come up with a proposal for fixing Scale of Rates (SOR) for fixation of lease Rental for the land and structures at MBPT's M-Shed at Prince's Dock, based on the provisions of the Land Policy Guidelines for Major Port Trusts, 2014, as amended in July 2015. The proposal of MBPT has the approval of its Board of Trustees.
- (iv). As per clause 13(a) read with clause 11.2(e) of the 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 MBPT has reported about constitution of a Land Allotment Committee (LAC) headed by the Dy. Chairman of the Port and Financial Advisor and Chief Accounts Officer and Chief Engineer being the other members.
- (v). (a). Para 13(a) of the Land policy guidelines of July 2015 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 Land Allotment Committee 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. 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.

- (b). In this connection, the LAC has observed the following:
  - (i). The value of the land as reflected in the Stamp Duty Ready Reckoner 2018-19 is at ₹ 56,400/- per sq.mtr. and the value of the construction of structures is at ₹ 2750/- per sq.mtr.
  - (ii). There are no actual relevant transactions and tenders in the past three years in the vicinity of the area under reference.
  - (iii). Under 'any other relevant factor, the value considering existing infrastructure facilities as per Land valuation report submitted by the approved valuer to MBPT is ₹ 1,57,000/- per sq.mtr and the value of the construction of structures is reported at ₹ 2750/- per sq.mtr.
- (c). Thus, based on the value of the land as determined under various factors as discussed above, the LAC, with regard to the land under the structures of M-Shed (Bays 1 to 13), has recommended to consider the value of the land at ₹ 1,57,000/- per Sq.mtr., being the highest amongst all the factors.
- (d). As regards, value of the open land area admeasuring 453 sq.mtrs. on the western side of 'M' shed, considering that the land is a no development zone, the LAC has recommended to consider the land area at 40% of the land value of the "M" Shed i.e. ₹.1,57,000/- per sq. mtr, which works out to ₹ 62,800/- per sq. mtr. The 40% factor is reported to be based on the provision contained in the Ready Reckoner 2018-19.
- (e). As regards, valuation of the structure of M-Shed (Bays 1 to 13), considering that the structure of M-Shed has outlived its useful life, the LAC has recommended to charge only for the land area under the structures and has ignored the value of the structures, as determined by the Valuer.
- (vi). Considering the value of the land under the structures of M-Shed (Bays 1 to 13) at ₹. 1,57,000/- per sq. mtr. and the value of open land area admeasuring 453 sq.mtrs. on the western side of 'M' shed at ₹ 62,800/- per sq. mtr. as recommended by the LAC, the MBPT has arrived at the total annual lease rent to be charged at 6% of the value of the land. Thus, the rentals for the Land under structures has been proposed by the Port at ₹ 9420/- per sq.m per annum and the rentals for the open land area on the western side of 'M' shed at ₹ 3768/- per sq.m per annum. No rentals have been proposed by port for the structures.
- (vii). Considering that the proposal of the port prescribing the lease rentals is in accordance with the land policy guidelines, 2014 and as per the recommendations of the LAC and considering that the recommendation of the LAC has the approval of the Board of Trustees of MBPT, this Authority is inclined to prescribe the Lease Rentals for strip of open land admeasuring 453 sq. mtrs at ₹ 3768 per sq.mtr. per annum and for Land under structures (Bays 3 to 11) admeasuring 1307.37 sq. mtrs at ₹ 9,420 per sq mtr. per annum, as proposed by the Port.
- (viii). In addition to the above, in the proposed Rent Schedule, the MBPT has also proposed 'Nil' lease rent for Land under structure for Ro- Pax Terminal (Bays 1 and 2) admeasuring 290.66 sq. mtrs. Though the MBPT in its letter dated 13 September 2019 has stated that Bays 1 and 2 will be retrofitted by operator as Ro-Pax passenger Terminal as a facility service for Ro-Pax passengers, it is seen from the LAC Report that the LAC at Para no. 1(xii) to (xv) has discussed about allotment of area of only 1760.34 sq.m to the Contractor i.e. an open strip area of 453 sq.m. and land area under structures (Bays 3 to 11) to the tune of 1307.34 sq.m. The LAC is not seen to have discussed anything regarding the allotment of Land under structure for Ro-Pax Terminal (Bays 1 and 2) admeasuring 290.66 sq. mtrs. The Board of Trustees have also approved the recommendations of the LAC for fixation of lease rent for 1760.34 sq. mtrs. Since there is no specific recommendation about the allotment of land under structures for Ro- Pax Terminal (Bays 1 and 2) in the LAC report and no specific approval of the Board in this regard,

the question of prescription of a separate entry of 'Nil' rental for Land under structure for Ro-Pax Terminal (Bays 1 and 2) admeasuring 290.66 sq. mtrs. does not arise. Accordingly, this Authority is not inclined to approve prescription of 'Nil' rental for Land under structure for Ro-Pax Terminal (Bays 1 and 2), in the Rent Schedule.

- (ix). The MBPT is seen to have proposed a note to the effect that that the rates shall automatically be escalated by 4% per annum after expiry of one year. In this regard, it is relevant here to mention that Clause 13(c) of the Land Policy Guidelines of 2014 gives flexibility to the ports to fix annual escalation which would not be less than 2%. Accordingly, the MBPT has proposed 4% annual escalation. Since the annual escalation rate of 4% is as per the provision of the Land Policy Guidelines of 2014, the proposed rate of 4% annual escalation is approved.
- (x). The annual lease rent would come into effect after expiry of 30 days from the date of notification of the Order passed in the Gazette of India. Clause 13 (C) of the amended Land Policy Guidelines, 2014 stipulates that the rates will be revised once in every five years by this Authority. Accordingly, a note is prescribed in the Rent Schedule that the annual lease rentals shall remain in force for a period of five years.

8.1. In the result, and for the reasons given above, and based on the collective application of mind, the Schedule of rental for allotment of land at MBPT M-Shed at Prince's Dock, as attached as **Annex** is approved.

8.2. The Schedule of Lease Rentals will come into force after expiry of 30 days from the date of notification of the Order passed in the Gazette of India and shall remain in force for a period of five years. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

**(T.S. Balasubramanian)**  
Member (Finance)

**Schedule of Rental for land at M-Shed at Prince's Dock of Mumbai Port Trust (MBPT)**

| <b>Sr. No.</b> | <b>Location</b>                                                 | <b>Area (in Sq. Mtrs)</b> | <b>Lease Rentals per sq. mtr. Per annum (in ₹)</b> |
|----------------|-----------------------------------------------------------------|---------------------------|----------------------------------------------------|
| 1.             | Strip of open land                                              | 453.00                    | ₹ 3,768                                            |
| 2.             | Land under structures for commercial utilization (Bays 3 to 11) | 1,307.34                  | ₹ 9,420                                            |

**Note:**

1. All the rates provide in the above schedule shall get automatically escalated by 4% p.a. after expiry of one year.
2. The lease rentals shall remain in force for a period of five years from the date of effect of this schedule.

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

|                          |          |                                                                                                                                                                                                                 |
|--------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>TAMP/35/2019-MBPT</b> | <b>:</b> | <b>Proposal received from Mumbai Port Trust (MBPT) for fixation of lease rent for allotment of land area alongwith 'M' shed for retrofitting, operation and maintenance of M-shed at Prince's dock at MBPT.</b> |
|--------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

A joint hearing on the case in reference was held on 14 August 2019 at the office of the Authority in Mumbai. At the joint hearing, the MBPT made a brief power point presentation on the proposal. At the joint hearing, the Sea Pride Pvt Ltd and the MBPT have made the following submissions:

**Mumbai Port Trust (MBPT)**

- (i). MBPT decided to develop the prince's dock area under the project Eastern Water front for leisurely activities and make it more suitable for urban usage. Eastern Water front project includes development of -
  - Domestic Cruise Terminal
  - RO-RO Pax
  - Marina
  - M-Shed
  - Event Area
  - Amphi theatre.
  - Skating Park
- (ii). The present proposal for fixation of lease rentals for land area of M-Shed and open land west of M-Shed. M-Shed is an old depot structure located on the eastern part of the Prince's Dock area. It is a reinforced-concrete building with pillars and beam. Many staircases connect the ground floor with the mezzanine. As per the building plan, the said structure is divided into 11 parts, each having a large opening once used as an access for freight movements. Presently, the building is being partially used wherein 4 spans host technical equipment, the other 7 are vacant and abandoned.
- (iii). The MBPT will provide M-Shed and open land west of M-Shed to the contractor for development and O&M of canteen/restaurant as a facility for RO-PAX terminal. The estimated cost of the project is ₹ 13.89 crores.
- (iv). The proposed lease rental is as per the valuation report given by the approved valuer. The valuer has considered five factors for valuation as per the amended Land Policy Guidelines 2014 and recommended the highest rates calculated based on value considering existing infrastructure facilities.

**Sea Pride Private limited.**

- (i). We have no objections on the proposal.

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