(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 69 **New Delhi,** **26 February 2015**

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 filed by the New Mangalore Port Trust for the fixation lease rentals of the port lands for the year 2012-13 and 2013-14 as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/68/2014-NMPT

The New Mangalore Port Trust --- Applicant

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Chandra Bhan Singh, Member (Economic)

O R D E R
(Passed on this 13th day of February 2015)

This Order relates to the proposal dated 18 June 2014 filed by the New Mangalore Port Trust (NMPT) for valuation of the port land assets for the years 2012-13 and 2013-14.

2. The main points made by NMPT in its proposal are summarised below:

(i). As per Clause 18 of Land Policy Guidelines, 2014, the value of the land/reserve price for the port land as fixed by Land Allotment Committee should be approved and notified by TAMP. After approval and notification of value of port land, port shall invite bids following auction process for lease of lands.

(ii). The Land Allotment Committee of the Port in its meeting held on 5 June 2014, after considering various options for fixation of the land value / reserve price, recommended the following land value for different areas of the Port for the year 2013-14:

Value in ₹ in lakhs/Acre

Sl. No.	Area	Developed Land			
		Abutting Main Road	Abutting Cross Road	For Interior	Final Values recommended
1.	Panambur Village	228.66	172.66	115.33	228.66
2.	Marshalling Yard	227.56	166.70	121.11	227.56
3.	Commercial Yard along the NH No. 66	301.33	212.43	143.16	301.33
4.	Thannirbavi Area	228.33	152.33	114.00	228.33
5.	Kudupu	132.33	98.33	78.66	132.33
6.	Bondel	155.00	114.66	85.00	155.00

3. The NMPT has requested this Authority to approve and notify the rates as recommended by the Committee after following due consultative process to enable the port to commence the tender-cum-auction process for renewal of the existing leases and new allotment.

4. While acknowledging the proposal it was brought to the notice of the NMPT, vide our letter dated 23 December 2014, that this Authority has already approved lease rent for its land vide Order No. TAMP/60/2012-NMPT dated 20 May 2014 for a period of five years from 20 February 2012 to 19 February 2017. Thus, the lease rent approved vide Order dated 20 May 2014 is valid and is in vogue. In view of that the NMPT was advised to examine application of the existing valid rates duly indexing them with applicable escalation factor for the tender-cum-auction process till its proposal dated 18 June 2014 is disposed of by this Authority.

5. In accordance with the consultation process prescribed, the proposal of NMPT was circulated to the concerned users / user organisations seeking their comments. The comments on the proposal received only from Kudremukh Iron Ore Company Ltd. (KIOCL) was forwarded to the NMPT as feedback information. The NMPT has not furnished its comments on the comments of the KIOCL.

6. A joint hearing in this case was held on 5 January 2015 at the NMPT premises. At the joint hearing the NMPT made a power point presentation of its proposal. The NMPT has admitted that the lease rent last approved by this Authority in May 2014 is valid and is in vogue. As the port intends to auction only two patches of land, the port has submitted that it is not correct to seek revision of lease rent for the entire lands at port. In view of that the NMPT, at the joint hearing, agreed to withdraw its proposal dated 18 June 2014.

7. 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 the submissions made by the port at the joint hearing will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in

8. In view of the position brought out at Para 6 above by the NMPT at the joint hearing to withdraw its proposal dated 18 June 2014 for fixation of the lease rent for port land assets for the years 2012-13 and 2013-14, this Authority, based on collective application of mind, decides to close the said proposal filed by the NMPT as withdrawn.

(T.S. Balasubramanian)
Member (Finance)

SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS / SERVICE PROVIDERS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F. No.TAMP/68/2014-NMPT	**-**	**Proposal from the New Mangalore Port Trust valuation of the port land assets for the year 2012-13 and 2013-14.**

A summary of the comments received from the Kudremukh Iron Ore Company Ltd. (KIOCL) is given below:

(i). It has taken land on long term lease basis from NMPT for its Pellet Plant operation. The total land was taken in stages from 1977 onwards on different dates. Total Eight (8) tracts of land are with us and are interlinked. The land details, period of lease and area in square meters is furnished by the KIOCL as below:

Sl. No.	Land Details	Period of lease	Area in Sq. Mtr.
1	Port Facilities	20-07-1997 to 19-07-2017	213783
2	Pellet plant	20-04-1999 to 19-04-2029	113497
3	Pellet storage yard	17-02-1994 to 16-02-2014	27008
4	Captive Power plant	21-07-2012 to 20-07-2022	21270
5	30 Box Marshalling yard	01-08-1999 to 30-07-2029	1190
6	Former UHF Station	01-04-1999 to 31-03-2029	300
7	Iron Ore Fines Stockyard. (Earlier FOT area)	02-01-1997 to 01-01-2027	9120
8	Bulk Material Handling Railway yard at NMPT	23-09-2005 to 22-09-2010	47500

(ii). Sl. No.1 to 7 land mentioned above are in one place and interlinked for running of Pellet Plant. The operation of Pellet Plant is not possible without any one tract of the land. The period of lease is different for all the 7 tracts of land.

(iii). As per the Land Policy Guidelines 2014, the land is to be auctioned during every renewal. The land is to be put for tender cum auction during every renewal as per the clause No.16.3 (C). It has established permanent nature Pellet Plant Structures, Captive Power Plant, Mechanized loading plat form for Ship loading along with ancillary buildings etc.

(iv). In view of the above, implementation of Clause No.16.3 of land Policy Guidelines is not practically tenable. All the lands of similar nature are to be allotted to the existing lease holders on Renewable lease basis with lease rent recommended by the TAMP. The land cannot be put to Tender Cum auction basis during renewal of existing leases.

(v). These natures of Land should be shown as Permanent nature of Land in land Use Plan in NMPT and Lease to be renewed automatically.

(vi). A clause is to be introduced for early surrender of land if not required by the user by specifying notice period.

(vii). TAMP has already Notified the Land rates and Lease rent for various types of Land for the period from 20.2.2012 to 19.02.2017. It is in line with market rate. Therefore, again fixing land rates for 2014 does not arise.

2. A joint hearing in this case was held on 5 January 2015 at the NMPT premises. At the joint hearing the NMPT made a power point presentation of its proposal. At the joint hearing, the NMPT made the following submission:

New Mangalore Port Trust

(i). Our lease rent for port lands was revised by TAMP in May 2014. The lease rents approved are valid till February 2017.

(ii). We have sent the proposal for revision of entire lands of NMPT which is not correct since lease rent approved by TAMP is valid and is in vogue. We propose to auction only 2 patches of lands.

(iii). We will take existing lease rent approved by TAMP, apply the applicable annual escalation factor and arrive at Reserve Price for the two patches of land for auction purpose. The auction will take care of market discovery price. We will approach the Board for its approval.

(iv). If our Board agrees, we will go for that. However, if our Board does not agree to the above approach of arriving at the Reserve price then in that event we will approach TAMP with a fresh proposal seeking approval of market value of land only in respect of those two patches of land.

(v). We, therefore, withdraw the current proposal filed to TAMP. If required, we will send fresh proposal to TAMP for fixation of lease rental for two patches to TAMP which will be used for auction purpose only.
