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Tariff Authority for Major Ports

G.No.208

New Delhi,

12 June 2019

NOTIFICATION

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby extends the validity of rate structure of Kandla land of Deendayal Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)

Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/24/2014-KPT

Deendayal Port Trust

Applicant

ORDER

(Passed on this 29th day of March 2019)

This case relates to a proposal filed by Deendayal Port Trust (DPT) for extension of the validity of the rate structure for Kandla lands of DPT.

2. The lease rental for the Kandla lands of DPT was last revised by this Authority vide Order No.TAMP/24/2014-KPT dated 13 November 2014. The lease rental revised by this Authority was given retrospective effect from 1 January 2014 and validity was prescribed for a period of five years, i.e. up to 31 December 2018. The DPT was requested vide our letter dated 05 November 2018 to expedite filing of its proposal for revision of rentals of DPT land to avoid delay in notification of rates.

3.1. In this backdrop, the DPT, vide its letter dated 15 February 2019 has responded. The response of the DPT brings out the following points:

- (i). The issues related to rates and categorization of land into categories 'A', 'F1', 'F2', 'G1' 'G2', exorbitant increase in lease rentals of existing lessees with effect from 01 January 2014 etc. was studied by a Committee deputed by the Indian Ports Association (IPA). The final Report of the Committee is awaited.
- (ii). The MOS vide letter No.PD-25021/11/2015-VOCT dated 16 October 2018 issued clarification circular (Land Management) No.1 of 2018 on classification / categorization of Port Land as per National Industrial Classification (NIC), 2008 and informed that it has been brought to the notice of the MOS that the present classification on the port lands and the fixation of SOR thereof is not uniform within and across the major ports leading to complications and disputes. This impacts the realization of revenue for the ports. The matter has been examined in the MOS and it has been decided that for the purpose of lease, classification / categorization of Port Land needs to be done as per NIC, 2008. Accordingly, the MOS, has requested all Major Ports to take action accordingly. In view of the above clarifications received from the MOS, the examination and implementation the lease classification / categorization of Port Land as per NIC, 2008 shall take more time.
- (iii). Therefore, filing of proposal for revision of rate of Kandla land will take some time.

3.2. Bringing out the above position, the DPT has requested this Authority to extend the validity of existing rates for 6 months i.e. till 30 June 2019 or till the date of effect of notification of revised lease rentals based on tariff proposal to be filed by DPT, whichever is earlier, with 2% escalation.

3.3. In view of the position brought out above, and since the validity of the rate structure for Kandla lands for categories 'A to G' has expired on 31 December 2018, this Authority extends the validity of the existing rate structure of the Kandla lands for categories 'A to G' from the date of its expiry till 30 June 2019 or till the date of effect of notification of the revised lease rentals based on the tariff proposal to be filed by the DPT, whichever is earlier as sought by DPT.

4.1. The Land Policy Guidelines of 2014 issued by the Government (based on which the rate structure for Kandla lands for categories 'A to G' of DPT has been fixed in November 2014) stipulates that the lease rentals approved by this Authority shall be escalated by 2% per annum till they are revised by this Authority. The Order approved by this Authority in November 2014 also prescribes a specific condition in this regard. This condition also prevails in the amended Land Policy Guidelines, 2014 issued by the MOS. Since the existing Rate structure already prescribes annual escalation @ 2% in the lease rentals till such time the rates are revised by the Authority and in line with the guidelines issued by the Government, the annual escalation @ 2% will continue to apply during the extended validity period of the rate structure for Kandla lands for categories 'A to G' of DPT.

4.2. However, it is to be noted in this regard that the extension of the existing lease rentals with an annual escalation of 2% is only a provisional arrangement to avoid a vacuum in the current scenario. The lease rentals to be fixed for the Kandla lands for categories 'A to G' based on a proposal filed by the DPT in this regard will have to be given retrospective effect, as requested by the DPT.

5. In the result, and for the reasons given above, this Authority extends the validity of the existing rate structure for Kandla lands for categories 'A to G' of DPT from the date of its expiry till 30 June 2019 or date of effect of notification of the revised lease rentals based on the tariff proposal to be filed by the DPT, whichever is earlier.

(T.S. Balasubramanian)
Member (Finance)