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Tariff Authority for Major Ports

G.No. 85

New Delhi,

1 March 2017

NOTIFICATION

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

(T.S. Balasubramanian)
Member (Finance)

TARIFF AUTHORITY FOR MAJOR PORTS
Case No.TAMP/20/2010-KPT

Kandla Port Trust

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Applicant

QUORUM:

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

ORDER

(Passed on this 8th day of February 2017)

This case relates to a proposal filed by Kandla Port Trust (KPT) for extension of the validity of the rate structure for Gandhidham Township Land of KPT.

2. The lease rental for the Gandhidham Township Land of KPT was last revised by this Authority vide Order dated 9 April 2012. The lease rental revised by this Authority was given retrospective effect from 1 January 2009 and validity was prescribed for a period of five years, i.e. upto 31 December 2013. Thereafter, this Authority has extended the validity of the existing rate structure for Gandhidham Township Land of KPT from time to time at the request of KPT.

3. The validity of the existing rate structure for Gandhidham Township Land of KPT was last extended based on the request of KPT vide Order No.TAMP/20/2010-KPT dated 6 May 2016 from the date of expiry till 30 September 2016 or till the date of effect of notification of the revised rentals based on the tariff proposal to be filed by the KPT, whichever is earlier.

4. It is relevant here to state that, the KPT, vide its email dated 11 April 2016 has submitted its proposal for revision of rate structure for Gandhidham Township Land. The proposal was taken on consultation with the stakeholders. A joint hearing on the case in reference was held on 30 July 2016. The KPT has vide its letter dated 2 December 2016 submitted additional information/ clarifications sought by us vide our letter dated 2 August 2016.

5.1. Para 5.7 of Amended Land Policy Guidelines (LPG) 2014 states that the Policy is applicable for all Major Ports except for land relating to the Township areas of KPT, Mumbai Port Trust (MBPT) and Kolkata Port Trust (KOPT) for which separate policy will be formulated. Hence, vide our letter No.TAMP/8/2014-Genl. dated 10 April 2014 and 9 February 2016 the MOS was requested to clarify under which LPG the revision of Township area of Kandla will be governed till separate policy is formulated. This was followed up by letters No.TAMP/25/2016-KPT dated 22 April 2016, 28 June 2016 and 14 July 2016.

5.2. In the context, the MOS vide its letter no.8/(19)/2016-TAMP dated 02 August 2016 has informed that a proposal seeking approval of the Union Cabinet on Land relating to Gandhidham Township is being prepared by the MOS. The MOS has, therefore, requested to keep on hold the proposal of KPT for revision of rate structure of Gandhidham Township of KPT and take up after the MOS conveys the policy in this regard. The policy from MOS in this regard is awaited.

5.3. In the meantime, the KPT has, vide its letter dated 18 November 2016 requested the Authority to allow it to continue to charge at the existing rates for a further period of 6 months i.e. upto 31 March 2017, subject to condition that revised rates will be made applicable with retrospective effect.

5.4. In view of the position brought out in para 4.2. above, it will take time for the case for final consideration of the Authority even after receipt of the policy relating to the fixation of lease rent for Gandhidham township areas from the MOS. Since the validity of the rate structure for Gandhidham Township Land has expired on 30 September 2016, this Authority extends the validity of the existing rate structure of the Gandhidham township land from the date of its expiry till 31 March 2017 or till the date of effect of notification of the revised lease rentals based on the tariff proposal filed by the KPT, whichever is earlier as sought by KPT.

6.1. The Land Policy Guidelines of 2010 issued by the Government (based on which the rate structure for Gandhidham Township Land has been fixed in April 2012) 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 April 2012 also prescribes a specific condition in this regard. This condition also prevails in the revised Land Policy Guidelines, 2014 issued by the Ministry of Shipping. Since, the existing Schedule of lease rent already prescribes annual escalation @ 2% in the lease rentals till such time the rates are revised by this 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 Gandhidham Township Land.

6.2. 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 Gandhidham Township based on a proposal filed by the KPT in this regard will have to be given retrospective effect, as requested by the KPT.

7. In the result, and for the reasons given above and based on the collective application of mind this Authority extends the validity of the existing rate structure for Gandhidham Township Land from the date of its expiry till 31 March 2017 or till the date of effect of notification of the revised lease rentals based on the tariff proposal filed by the KPT, whichever is earlier.

(T.S. Balasubramanian)
Member (Finance)