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

TARIFF AUTHORITY FOR MAJOR PORTS

G.No.228 **New Delhi,** **26 May 2016**

NOTIFICATION

In exercise of the powers conferred under Section 49 of the Major Port Trust Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of Kandla Port Trust for revision of lease rental of Salt Land of Kandla Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/79/2015-KPT

Kandla Port Trust - - - **Applicant**

QUORUM:

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

O R D E R
(Passed on this 2nd day of May 2016)

This case deals with the proposal dated 15 December 2015 received from Kandla Port Trust **(**KPT) for revision of lease rental of Salt Land.

2.1. This Authority vide Order no.TAMP/15/2011-KPT dated 9 April 2012 had approved lease rental for KPT Salt Land of KPT at ₹23,250/- per acre per annum with retrospective effect from 5 July 2010. The validity of the approved lease rent was prescribed for five years i.e. upto 4 July 2015.

2.2. Since the validity of the lease rent was expiring at 4 July 2015, at the request of KPT, the Authority extended the validity of Lease Rentals of Salt Land vide Gazette of India Notification No. 241 dated 8 July 2015 beyond 4 July 2015 for six months i.e. till 4 January 2016 or date of effect of notification of the revised lease rentals based on the tariff proposal to be filed by the KPT, whichever is earlier.

2.3. Since the existing Schedule of Lease rents already prescribed annual escalation @ 2% in the lease rentals till such time the rates are revised by the Competent Authority, the annual escalation @ 2% was allowed to continue to apply during the extended validity period of the lease rentals for salt lands of KPT.

2.4. 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 salt land of KPT based on a proposal to be filed by the KPT in this regard was to have retrospective effect, as requested by KPT.

3.1. In this backdrop, the KPT vide its letter No.LW/PL/3323/528 dated 15 December 2015 has submitted its proposal for revision of Lease Rentals of Salt Land for the period w.e.f., 5 July 2015 for a period of 5 years. The main points made by the KPT are summarized below:

(i). The validity of the lease rentals of salt lands of KPT has expired on 4th July 2015. Considering the Land Policy Guidelines, (LPG) 2014 and amended Land Policy Guidelines, 2014 issued by the MOS, the Market Value of land and the lease rent are arrived as per Clause No. 13(a), (b) & (c) of the amended Land Policy Guidelines, 2014, as given below:

A. **STATE GOVERNMENT READY RECKONER** :

Rate per hectare		₹300=00
Plus: Royalty @ ₹8/- per metric tonne (minimum production of salt land as 20 MT per year) (minimum ₹400.00 per hectare)		₹400=00
Plus: Education cess (₹150 per hectare)		₹150=00
Total rate per hectare		₹850=00

Accordingly, the rate per acre per annum works out to ₹344=00. [Conversion of Hectors to Acre is 2.47105 so 850 / 2.47105 = ₹344 / acre]. Now, the updated lease rental of 2015 worked out to ₹379 / acre / annum.

B. 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.

Transaction of salt land allotted by KPT in the year 2010 was registered with the Registrar is for the following parties. No transactions are, however, registered during last three years.

NAME OF THE PARTY	AREA (IN ACRES)	HIGHEST PREMIUM OFFERED(IN ₹)
M/s. Ganpati Salt Works, Gandhidham	50	₹252000=00
M/s. Neelkanth Coal mfg. Pvt. Ltd., Gandhidham	50	₹213480=00
M/s. Neelkanth Coal mfg. Pvt. Ltd., Gandhidham	50	₹213480=00
M/s. Neelkanth Coal mfg. Pvt. Ltd., Gandhidham	50	₹213480=00
M/s. Ajanta Properties, Gandhidham	100	₹221171=00
M/s. Neelkanth Enterprises	100	₹219474=00
M/s. Neelkanth Enterprises	100	₹219474=00
M/s. Neelkanth Enterprises	100	₹219474=00
M/s. Rankers Salt Works, Gandhidham	100	₹275471=00
M/s. Neelkanth Coal mfg. Pvt. Ltd., Gandhidham	50	₹213480=00

C. Highest upfront premium quoted in tender – cum – auction of salt land held by KPT during 2012 E–Auction is as under:

PLOT NO	AREA IN ACRES	UPFRONT VALUE	BIDS RECEIVED	AMOUNT OF BID	TOTAL CLOSING RATE	TOTAL UPFRONT PREMIUM	NAME OF THE HIGHEST BIDDER
2	3	4	5	6	7	8	9
11	100	310,868.00	2	2,000.00	312,868.00	31,286,800.00	M/S DURGESH ENTERPRISE
15	100	310,868.00	1	1,000.00	311,868.00	31,186,800.00	M/S DURGESH ENTERPRISE
24	50	275,669.00	1	1,000.00	276,669.00	13,833,450.00	M/S. SHREE CHAMUNDA SALT WORKS
16	100	310,868.00	1	1,000.00	311,868.00	31,186,800.00	M/S.SURYANAGRI HI TECH TEX.LTD.
25	50	275,264.00	1	1,000.00	276,264.00	13,813,200.00	M/S. SHREE CHAMUNDA SALT WORKS
17	100	310,868.00	1	1,000.00	311,868.00	31,186,800.00	M/S. SARDESAI MIN. & LOGISTICS
18	100	310,868.00	1	1,000.00	311,868.00	31,186,800.00	M/S. SARDESAI MIN.& LOGISTICS
19	100	300,868.00	1	1,000.00	301,868.00	30,186,800.00	M/S. AUTOMOTISE PACKAGING
12	100	309,868.00	1	1,000.00	310,868.00	31,086,800.00	M/S. SHREE RAM SALT SUPPLY
13	100	304,868.00	1	1,000.00	305,868.00	30,586,800.00	M/S. SHREE RAM SALT SUPPLY
14	100	304,868.00	1	1,000.00	305,868.00	30,586,800.00	M/S DURGESH ENTERPRISE
20	100	300,868.00	1	1,000.00	301,868.00	30,186,800.00	M/S DANDI CHEMFOOD PVT LTD.
23	50	274,400.00	…	…	274,400.00	13,720,000.00	M/S. ARYA TRANSPORT

Highest upfront premium received is ₹ 3,12,868=00 per acre (for 30 years)

D. Market rate arrived at by the Approved Valuer M/s.Rakesh Narula & Co., Vadodara, appointed for the purpose by the Port during the year 2014 are as under:

SR. NO.	LOCATION	RATES / ACRE (in ₹)					
		UPTO 10 ACRES	11 ACRES TO 50 ACRES	51 ACRES TO 100 ACRES	101 ACRES TO 300 ACRES	310 ACRES TO 1000 ACRES	ABOVE 1000 ACRES

	Diff. percentages recognized for sizes of plot	105%	105%	100%	90%	75%	50%
1.	KANDLA	231000.00	231000.00	220000.00	198000.00	165000.00	110000.00
2.	MITHIROHAR	199500.00	199500.00	190000.00	171000.00	142500.00	95000.00
3.	KHARIROHAR	199500.00	199500.00	190000.00	171000.00	142500.00	95000.00
4.	PADANA	178500.00	178500.00	170000.00	153000.00	127500.00	85000.00
5.	VARSANA	178500.00	178500.00	170000.00	153000.00	127500.00	85000.00
6.	CHIRAI	168000.00	168000.00	160000.00	144000.00	120000.00	80000.00
7.	MOTI CHIRAI	168000.00	168000.00	160000.00	144000.00	120000.00	80000.00
8.	JUNGI	136500.00	136500.00	130000.00	117000.00	97500.00	65000.00

E. Any other relevant factors as may be identified by the Port.

TAMP vide Notification No. 118 dated 04-05-2012, fixed the lease rentals at ₹23,250=00 per acre per annum from 05-07-2010 onwards with 2% escalation per year. The rate in the year 2015 works out to be ₹25,669=88 per acre per annum i.e. ₹25,670=00. Now, as per Clause 18(b) of LPG-2014, the lease rentals/ reserve price are considered at 6% of the latest market value. Based on above, latest market value is worked out to ₹4,27,833/- per acre (i.e.25,670 * 100% / 6%).

(ii). The Board of Trustees of KPT has constituted the Land Allotment Committee (LAC) headed by the Dy. Chairman of the KPT and F.A. & C.A.O, Chief Engineer, Traffic Manager i/c and Secretary as Members.

(iii). The LAC in its meeting held on 4.07.2015 considering the above aspects and keeping in view the Land Policy Guidelines, 2014 recommended uniform rate of ₹ 25,670/- per acre per annum arrived considering 2% escalation on the SOR rate of ₹23,250/- per acre per annum fixed w.e.f., 5.07.2010 being the highest factor as identified from above w.e.f., 5.07.2015 onwards with 2% escalation per annum. (A copy of the Minutes of the LAC meeting held on 4.07.2015 has been furnished by KPT.)

(iv). The proposal for revision of rates of Salt lands of KPT based on the LAC recommendations was placed for approval of the Board. But, the proposal was returned back with the remarks that in view of no response in recent auction attempts of salt lands by KPT, the matter requires reconsideration by LAC.

(v). (a). MOS has also expressed concern over the higher rates fixed for the land for salt manufacturing purpose, due to which the land remained vacant on account of non-response from the prospective bidders.

(b). The Joint Secretary, Ministry of Shipping, New Delhi vide d.o. Letter No. PD-13017/2/2014-PD.IV dated 08.07.2015, has also highlighted the issue regarding recommending of Market value of land/reserve price by Allotment Committee/Board to TAMP. It is mentioned in the above d.o. letter that representation have been received, that in some Ports high market values have been fixed by mechanical and inappropriate application of Land Policy guidelines. It is further clarified in the above letter that while choosing the market value as per the Land Policy Guidelines, 2014, due care is to be taken to choose the relevant factor which captures the realistic market value of the land. Mechanical and inappropriate application of the Land Policy Guidelines may lead to inflated and unrealistic market value which results in poor response to tender cum auctions and subsequently loss of business to the Port. It is also clarified that it is not mandatory that the Land Allotment Committee has to necessarily take the highest of the 5 factors given in the Land Policy Guidelines and another factor with proper justification. [A copy of the above d.o. letter is furnished by KPT] (vi). Accordingly, the matter was again placed before the LAC for reviewing the rate structure of salt lands that was recommended by the LAC in its earlier meeting held on 4.07.2015.

(vii). The market value of salt land and lease rental at 6% of the market value of salt land under the five factors considered by the LAC while reviewing and recommending the proposed lease rent are given below:

(a). **<u>Statement showing the market rate and lease rent as per various factors mentioned in 13(c) of amended Land Policy Guidelines, 2014 as on due date of revision i.e. 5 July 2015.</u>**

Factors as per Clause 13(C) of the amended LPG, 2014	Market Value per acre for the year 2015 (Updated)	Lease Rent @ 6% per Acre / per annum for the year 2015 (Updated)
(A) State Government's ready reckoner of land values in the area, if available for similar classification / activities	₹ 6,317/-	₹ 379/-
(B) Highest rate of actual relevant transactions registered in last three years in the Port's vicinity (the vicinity of the Ports is to be decided by the respective Port Trust Boards), with an appropriate annual escalation rate to be approved by the Port Trust Board.	₹ 2,83,567/- Data available with KPT is of 2010. No transactions registered during last 3 years.	₹ 17,014/- (Rate derived from average of the highest upfront premium received in respect of salt lands) Data available with KPT is of 2010. No transactions registered during last 3 years.
(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.	₹ 3,74,400/-	₹ 22,464/-
(D) Rate arrived at by an approved valuer appointed for the purpose by the Port.	**	##
(E) Any other relevant factor as may be identified by the Port. The average of the rate received for the year 2010 as well as 2012 by giving an annual escalation, as both the rates i.e. the tender received in 2010 as well tender received in 2012 are representative enough to work out the revised value of the land.	₹ 3,32,433/-	₹ 19,946/-

** The rate arrived at by the Approved Valuer M/s. Rakesh Narual & Co., Vadodara, appointed for the purpose by the Port as under:

Market Rate of 2015 arrived at after adding 2% escalation on 2014 rate.

Sr. No.	Location	Market value of land (₹/acre)					
		Upto 10 Acres	11 Acres to 50 Acres	51 Acres to 100 Acres	101 Acres to 300 Acres	310 Acres to 1000 Acres	Above 1000 Acres
		105%	105%	100%	90%	75%	50%
1.	Kandla	235620.00	235620.00	224400.00	201960.00	168300.00	1121200.00
2.	Mithirohar	203490.00	203490.00	193800.00	174420.00	145350.00	96900.00
3.	Kharirohar	203490.00	203490.00	193800.00	174420.00	145350.00	96900.00
4.	Padana	182070.00	182070.00	17340.00	156060.00	130500.00	86700.00
5.	Varsana	182070.00	182070.00	17340.00	156060.00	130500.00	86700.00

6.	**Chirai**	**171360.00**	**171360.00**	**163200.00**	**146880.00**	**122400.00**	**81600.00**
7.	**Moto Chirai**	**171360.00**	**171360.00**	**163200.00**	**146880.00**	**122400.00**	**81600.00**
8.	**Jungi**	**139230.00**	**139230.00**	**132600.00**	**119340.00**	**99450.00**	**66300.00**

**The lease rental for 2015 considered at 6% of the above market value.**

Sr. No.	Location	Lease rent (₹/acre)					
		Upto 10 Acres	11 Acres to 50 Acres	51 Acres to 100 Acres	101 Acres to 300 Acres	310 Acres to 1000 Acres	Above 1000 Acres
		105%	105%	100%	90%	75%	50%
1.	Kandla	14137.20	14137.20	13464.00	12117.60	10098.00	6732.00
2.	Mithirohar	12209.40	12209.40	11628.00	10465.20	8721.00	5814.00
3.	Kharirohar	12209.40	12209.40	11628.00	10465.20	8721.00	5814.00
4.	Padana	10924.20	10924.20	10404.00	9363.60	7803.00	5202.00
5.	Varsana	10924.20	10924.20	10404.00	9363.60	7803.00	5202.00
6.	Chirai	10281.60	10281.60	9792.00	8812.80	7344.00	4896.00
7.	Moto Chirai	10281.60	10281.60	9792.00	8812.80	7344.00	4896.00
8.	Jungi	8353.80	8353.80	7956.00	7160.40	5967.00	3978.00

(viii). (a). The LAC noted that recently, Kandla Port Trust had offered the salt land for allotment through e-tender cum e-auction considering the location/size of plots available and accordingly after Board's approval the NIT for allotment of land was issued through wide publicity in the leading local newspapers. The details of plots are as under:-

Sr. No.	Location	Size/Area of plot	Remarks
1.	Kandla	708 acres	Earlier known as M/s. Shree Jyoti Salt Industries
2.	Village Padana	22 Nos. of plots of 10 acres each 99 Acres	- Earlier known as M/s. Bhuvneshwari Salt Works
3.	Village	272 acres	Earlier known as M/s. Shree Kandla Salt Industries Pvt. Ltd.
4.	Village	919 acres	Earlier known as M/s. Kanoria Chemicals & Industries Ltd.

(b). The Pre-Bid meeting was also held on 28.01.2015 and on the request of prospective bidders, the conditions for allotment of land towards 22 Nos. of 10 acres plots were changed. As no bids were received, the date of opening of technical bids of both the tenders were extended number of times. Finally after getting no response, the tenders were withdrawn.

(c). The main reasons for no response have been attributed to the following:

(i). Slackening of demand in respect of salt due to depressed market conditions and recession;

(ii). Substantial drop in sale value of salt comparing the same with 2010 rates;

(iii). KPT's offer of plots on the Reserve Price of ₹25,167/- per acre per annum seems to be on higher side, with 2% escalation per year and revision after every 5 years, as compared to the rates of Government of Gujarat, which is just ₹850/- per hectare without any escalation and 10% increase in every 3 years.

(iv). There is apprehension of unauthorized encroachments.

(ix). The LAC has thus justified its recommendation for not opting the highest rate as follows:

(a). By keeping the reserve price of ₹25167/- per acre per annum, no response has been received inspite of repeated extensions of the Bid and wide circulation of NIT.

(b). Due to non-response, the Salt land remained idle, resulting loss of revenue to KPT.

(x). The LAC deliberated the issues at length regarding fixing of rates other than the highest of the above five factors. It was decided by the LAC that it will not consider the highest of the above factors, (a) keeping the reserve price at ₹25167/- per acre per annum, no response has been received inspite of repeated extensions of the Bid and wide circulation of RFQ; (b) the clarification given by OSD (c) for no response to the above reserve price and resulting in loss of revenue to the port.

(xi). After deliberations, the LAC in its meeting held on 29 September 2015 has recommended the lease rent arrived at considering the factor (E), which states – "any other relevant factors as may be identified by the Port", which is the average of the rate received for the year 2010 as well as 2012 by giving an annual escalation, as both the rates i.e., the tender received in 2010 as well tender received in 2012 are representative enough to work out the revised lease rentals of the land, which works out to ₹19,946/- per acre per annum with 2% annual escalation and re-fixing after every five years [A copy of the Minutes of the LAC meeting held on 29.09.2015 is furnished by KPT]. Accordingly, the market rate works out to ₹3,32,433/- per acre.

(xii). The recommendations of the LAC was placed before the Board at its meeting held on 31.10.2015 and the Board after detailed discussion and deliberation had resolved to approve the recommendations of LAC. [A copy of the Board Resolution No.119 dated 31.10.2015 is furnished by KPT.]

(xiii). Accordingly, the Authority is requested to kindly approve the revision of Market Rate and lease rental of salt land of Kandla Port Trust as ₹3,32,433/- per acre and ₹19,946/- per acre per annum respectively w.e.f. 05.07.2015 with 2% escalation per annum as approved by the Board of Trustees at its meeting held on 31/10/2015.

3.2. The proposal of KPT is for approval of the Authority for the schedule of rates for KPT Salt lands for a period of 5 years with 2% escalation per annum w.e.f., 05 July 2015 as recommended by the LAC and as approved by the KPT Board i.e., the revision of Market Rate and lease rental of salt land of Kandla Port Trust as ₹3,32,433/- per acre and ₹19,946/-(₹3,32,433/-x6%) per acre per annum respectively.

3.3. A comparative position of lease rentals for salt land approved in the tariff Order dated 1 April 2012, lease rent applicable as on 4 July 2015 and the proposed lease rents with retrospective effect from 5 July 2015 to 4 July 2020 is as under:

(₹ per acre / annum)

Lease rent approved vide Order no. TAMP/15/2011-KPT dated 9 April 2012 (5 July 2010 to 4 July 2015)	**Lease rent applicable as on w.e.f. 4 July 2015 applying 2% annual escalation.**	**Current proposal of KPT**	
		Market Value (per acre)	**Proposed Lease Rental @ 6% of the Market Value of**

			land w.e.f. 5 July 2015
₹23,250/-	₹25,167/-	₹3,32,433/-	₹19,946/-

4. In accordance with the consultation process prescribed, a copy of the KPT proposal dated 15 December 2015 was circulated vide our letter dated 30 December 2015 to the users/ user organisations seeking their comments. The comments received from the users/ user organisations were forwarded to the KPT as feedback information. The KPT vide its letter dated 23 February 2016 and subsequent letter dated 3 March 2016 has furnished its reply on the comments of the user/user organizations.

5.1. A joint hearing on this case in reference was held on 17 February 2016 at KPT premises. At the joint hearing, the KPT made a power point presentation of its proposal. The KPT, the concerned users/ user organisations bodies/ prospective bidders have made their submissions.

5.2. At the Joint Hearing, Urvakunj Nicotine Industries, Shree Laxmi Salt and Allied Industries and Vijay Salt Syndicate have furnished their written- submissions. The written submissions made by these users/ user organisations were forwarded to the KPT vide our letter dated 22 February 2016 as feedback information. Also, the Shri Kandla Salt Lease Holder Welfare Association has submitted its comments vide its letter dated 17 February 2016 and subsequent letter dated 20 February 2016**.** The comments received from Shri Kandla Salt Lease Holder Welfare Association were forwarded to the KPT vide our letter dated 24 February 2016 as feedback information. The KPT vide its letter dated 3 March 2016 has furnished its response on the comments of users / user organisations.

6. Based on the preliminary scrutiny of the proposal dated 15 December 2015, the KPT was requested vide our letter dated 01 April 2016 to furnish requisite information / revised proposal. The KPT vide its email dated 06 April 2016 has furnished its response to the information / clarification sought by us. A summary of information / clarification sought by us and point wise reply given by KPT are tabulated below:

Sr. No.	Information / clarification sought by us	Reply from KPT
(i).	(a). It is seen that the sum of auction price received in the year 2010 for 50 acres and 100 acres of parcels of salt land has been escalated by 2% per annum to arrive at value of salt land for the year 2015 at ₹18,85,79,651/- for total 750 acres. Likewise, the auction price received in the year 2012 for 50 acres and 100 acres of parcels of salt land has been escalated by 2% per annum to arrive at value of salt land for the year 2015 at ₹37,14,59,571/- for total 1150 acres. The average value of 1900 acres of salt land (1150 acres + 750 acres) worked out by KPT is at ₹294757/- per acre [(371459571 + 188579651) / 1900] stating that the average value received for the year 2010 as well as 2012 by giving an escalation is representative enough to work out the revised market value of salt land. Hence, the approach adopted by the KPT of applying the divisible factor of 14.7781 [which is the sum of product of Re.1 at discounting factor 7.9872 with annual escalation 2%] for a period of 30 years from 2015-16 to 2044-45 while arriving the proposed lease rental of 19946/- i.e., ₹294757/14.7781 is not clear because the market value of ₹294757/- per acre of salt land	E-tender cum e-auction carried out in the year 2010 as well as 2012 for various salt lands was on Upfront premium basis. Hence the average upfront premium of ₹294757/- has been divided by 14.7781(being the sum of the product of Re. 1/- at discounting factor of 7.9872 with annual escalation of 2%) to work out the annual lease rent from upfront premium. Similar analogy was adopted by TAMP while approving the lease rentals of Salt land of Kandla Port Trust vide Order dated 09.04.2012, notified vide Gazette No. 118 dated 04.05.2012. In this regard, Para 13 (ix) & (x) of the aforesaid TAMP Order may kindly be referred, which are self-explanatory. However, for ready reference, these paras are reproduced as under. (A) Para 13 (ix) of TAMP Order dated 09.04.2012. “The upfront premium quoted by the bidders is the aggregate present value of the annual payment of lease rentals for a period of 30 years. The upfront premium cannot be simply distributed over a period of 30 years, as

	is as of the year 2015 after considering the 2% annual escalation. It is seen that on applying 6% on the market value of land at ₹294757/-, the lease rent works out to ₹17685/- per acre per annum. The KPT is, therefore, requested to examine the proposed lease rent for salt lands in the light of the above observation.	demanded by certain user organizations, in view of the time value of money." (B) Para 13 (x) of TAMP Order dated 09.04.2012. "One of the factors to be considered by a port trust for determination of market value of land is the highest accepted tender of port land for similar transactions, as stipulated in Clause 6.3(1)(iii) of the Land Policy Guidelines of 2010. Accordingly, the KPT has taken into account the highest value of the bids received for each plot in June 2010 and then arrived at the average of all the highest bids for determining the lease rental as a single rate is proposed to be prescribed for the entire salt lands. Further, it has to be recognized that consideration of the average values would even out the differences that may prevail in a range of values. For the reasons stated earlier, the values of upfront premium received in the first as well as the second auctions held in June 2010 and January 2012 respectively are considered together to determine the lease rentals for the KPT salt lands. As explained earlier, the upfront premium received in auction represents the aggregate of market value of lease rentals for the salt lands. It is noteworthy that Clause 6.3.1(c) of the Land Policy Guidelines stipulates an escalation of 2% per annum in the lease rentals. Also, Clause 6.1.1(a)(ii) makes a mention about escalating the average rate of registered actual transactions for the past years by 2% per annum so as to arrive at the present value of land. In the instant case, the upfront premium of tenders of January 2012 is to be brought to a common platform as of July 2010. Therefore, the upfront premium received in the second auction in the year 2012 is de-escalated by 2% per annum so as to bring them to the level of the year 2010. Accordingly, the revised average upfront premium works out to ₹261739/- per acre as of July 2010. Clause 6.3(3) of the Land Policy Guidelines of 2010 prescribes application of a discount rate equal to rate of 6% plus annual escalation on lease rent, which is 2% per annum, for arriving at the upfront premium from annual rentals. In the case in hand, lease rentals are to be derived from upfront premium. Thus, it would be the reverse process to determine the lease rentals from the upfront premium. The annual lease rental so calculated applying the discounting factor of 8% and following the reverse procedure works out to ₹23249/- per

		acre per annum. [₹261739/- per acre/ 11.258 = ₹23249/- per acre per annum; ₹261739/- being the average value of upfront premiums of the first and second auction and 11.258 being the present value for ₹1/- as per the Annuity Table for the discounting factor of 8% for a period of 30 years]” Hence the lease rent rate of ₹19946/-has been correctly worked out.
	(b). The KPT has derived the lease rent at ₹19,946/- per acre per annum as explained above and from that arrived at the market value of land at ₹3,32,433 / acre (i.e. ₹19,946 / 6 * 100). The Land Policy Guidelines stipulates that market value of land is to be derived first based on the five factors prescribed therein and the lease rent schedule than be derived which should not be less that 6% of the market value of land. The methodology adopted by KPT is reverse of the methodology prescribed in the revised Land Policy Guidelines. The KPT to clarify how the method followed by it to arrive at proposed lease rent fit into the revise Land Policy Guidelines, 2014.	KPT arrived at the rate of ₹19,946/- per acre per annum for salt land based on the rates received during the e-tender invited for salt land on upfront payment basis during the year 2010 & 2012. Either way, we may work out the lease rental or market value first, there will be no change in the value of lease rental per acre per annum derived. However, as observed by TAMP and keeping in view the Land Policy Guidelines, 2014 the Market Value of salt land for 2015 is first derived as under : Average rate per acre on upfront -₹2,94,757/- payment basis (year 2015) Divisible Factor - 14.7781 (Which is the sum of product of Re.1 at Discounting factor 7.9872 with annual Escalation of 2%) Lease rental (Considering LPG-2014) - 6%of Market Value of land The Market Value of salt land worked out as follows : $= \frac{2,94,757 \times 100}{14.7781 \times 6}$ = ₹3,32,425/-per acre Now, lease rental @ 6% of Market Value of salt land for the year 2015 = ₹19,945.50 Say ₹19,946/- per acre.
(ii).	The KPT has sought approval of the revised lease rent with retrospective effect from 5 July 2015. In this connection, the KPT is requested to justify the reason for seeking retrospective approval of lease rentals for its salt lands as it appears from the proposal that port seeks the revised lease rent to invite auction for the Salt land. In case, there are any existing lessees, the KPT is requested to confirm whether the lease agreement entered by the KPT with the various lessees contains a clause allowing for retrospective revision of lease rentals as the KPT sought approval for retrospective revision of lease rent from July 2015 onwards.	KPT has sought the revision of rate of salt land with retrospective effect from 5.07.2015, as the previous TAMP approved rates were valid till 4.07.2015. It is submitted that KPT has allotted 10 nos. plots on 30 years lease during 2010 on upfront payment basis and full payment has been received. Hence, present revision of rate will not have any effect on the above 10 nos. subsisting leases. There are no other subsisting salt leases. Further, the fresh allotment of salt land through e-tender will be finalized only after TAMP approves the revised rate and same will be applicable to it.

<table>
<tr>
<td>(iii).</td>
<td>The KPT is requested to forward a draft SOR for prescribing lease rates for salt lands along with conditionalities governing the rates, in accordance with the ‘Revised Land Policy of Major Ports 2014’.</td>
<td>Draft Scale of rates of Salt land al
Conditionalities is as follows:
<u>DRAFT SCALE OF RATES OF SALT LAND OF KANDLA PORT TRUST</u>.

<table>
<tr><th colspan="2">PROPOSED SCALE OF RATES OF SALT LAND OF KANDLA PORT TRUST</th></tr>
<tr><td>Market value</td><td>₹332425/- per acre p.a.</td></tr>
<tr><td>Annual lease rent</td><td>₹19946/- per acre p.a.</td></tr>
</table>
The conditionalities governing the rates, will be as follows

(a). The market value/ reserve price prescribed above will be effective from 5 July, 2015 and remain valid till 4 July, 2020.

(b). The reserve price in terms of annual lease rent prescribed above shall bear an escalation factor of 2% every year.

(c). The other conditions governing the lease rental / license fee shall be as per the Amended Land Policy Guidelines of 2014 issued by the Ministry of Shipping, Government of India.</td>
</tr>
</table>

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 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). The proposal of Kandla Port Trust (KPT) is for revision of Scale of Rates of Salt Land of the KPT following the revised Land Policy Guidelines, 2014, with effect from 05 July 2015.

(ii). Before proceeding to analyse the case, it is relevant here to state that one of the users the Urvakunj Nicotine Industries (UNI) has stated that the rate approved by this Authority is subject matter of challenge before the Hon'ble Supreme Court and such petition is pending for adjudication by the Hon’ble High Court. In view of such pendency, the UNI has stated that KPT proposal cannot be considered. In this context, as rightly stated by the KPT, the case bearing SLP(C)No. 1803 of 2014 filed before the Hon'ble Supreme Court of India by Shri Kandla Salt Lease Holder Welfare Association had already been dismissed by the Hon’ble Supreme Court vide Order dated 08 January 2015, since no ground for interference was made out to exercise Supreme Court’s jurisdiction under Article 136 of the Constitution of India.

(iii). Few user associations like M/s. Shree Kandla Salt Industries Pvt. (SKSIP), have stated that determination of lease rent for salt land should not fall under the jurisdiction of this Authority as was previously pointed out by various stakeholders during the last exercise of revision of salt land of KPT. Two arguments put forth by the users are that this Authority is mandated to decide lease rental and SOR for the land within the custom-bond area whereas the Salt Land falls beyond this area. Their argument is that as per MPT Act, 1963, this Authority is authorized to decide rates for land as long as it is used for Port related Activity. However, the manufacturing of salt on land is not a Port related activity, as contended by them.

The above points are reiteration of the points made by them in the last revision of the lease rental of the salt land which have already been settled in the last Order.

The earlier Land Policy, 2010 dealt with jurisdiction of TAMP to fix Scale of Rates for port lands situated within the customs bound area and outside it as long as the land is used exclusively for port related activity. In the revised Land Policy Guidelines 2014, Para 13 (c) read with para (d) requires this Authority to fix Scale of Rates for port lands situated within and outside the customs bonded area.

As already brought out in April 2012 Order, a reference was made to Government in April 2011 to examine whether fixation of lease rent for salt land, would fall under the purview of this Authority. The Ministry of Shipping, in the Government of India vide its letter dated 9 March 2012 while requesting this Authority to take its own view, had clarified that the salt lands should come under the port related purpose as such industries are primarily port based and substantial part of their production depends on the port for exports. During the last proceedings, the KPT had asserted that the land leased out by KPT for salt production is port related activity, since large quantities of salt produced in the region is being handled at the port for export.

Statutorily, Section 49 of the Major Port Trusts Act empowers this Authority to frame the Scale of Rates and statement of conditions for use of property belonging to Board, in occupation of port and in possession of the port and more specifically, sub clause (d) of Clause (1) of Section 49 covers 'any other use of port trust lands'. That being so, the fixation of lease rental for the port salt land falls well within the powers of this Authority. This is not the first time that this Authority has fixed lease rentals for the salt lands of KPT. The lease rentals for the salt land at KPT were fixed earlier by this Authority in exercise of its powers conferred under Section 49 of the MPT Act.

From the position in the Land Policy Guidelines and statute, clarification of the MOS and submissions of the KPT during the last tariff revision it is explicit that the revision of salt land of Kandla is well within the jurisdiction of this Authority.

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. Accordingly, this Authority fixes the estate related charges for the estates of the major port trusts in exercise of its powers under Section 49 of the MPT Act and following the extant land policy guidelines of the Government. Therefore, the proposal of KPT for fixation of lease rentals for the salt lands of KPT is processed following the provisions of the extant revised Land Policy Guidelines of 2014.

The issue raised by Shri Kandla Salt Lease Holder Welfare Association (SKSLWA) that the industries established in Kandla SEZ are not treated as Port Related activity and that the lease rental for such land though belonging to KPT is stated to be decided by the Central Government is not relevant to decide the lease rental for Salt Land of KPT. As regard the revision of salt land of KPT falling under the jurisdiction of this Authority, the position is already clarified in the preceding paragraph. As per Section 49 of the MPT Act, the KPT is bound to levy rates for any property belonging to or in the possession or occupation of the port based on the Scale of rates and statement of conditionalities notified by this Authority. It is for the KPT to seek compliance of Section 49 of the Act, if required.

(iv). (a). The revised Land Policy Guidelines, 2014 clearly lays down the procedure and the methodology to be adopted for determining the market value of land and the latest Scale of Rates of the port lands.

(b). As per clause 11.2(e) of the revised Land Policy Guidelines 2014, a Land Allotment Committee (LAC) shall be constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic.

(c). KPT has constituted the LAC headed by the Dy. Chairman of KPT and F.A. & C.A.O, Chief Engineer, Traffic Manager i/c., and Secretary as Members. The OSD (Estate) was also present in the proceedings of the LAC. Thus, the KPT has complied with the stipulation of the formulation of the LAC as per the revised Land Policy Guidelines, 2014.

(v). (a). As per Clause 13(a) of the revised land policy guidelines of 2014, the LAC shall determine the market value of land taking into account highest of the five factors like (i) State Government's ready reckoner value 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 and (v) any other relevant factors as may be identified by the port. In case the LAC is not choosing the highest factor, the guidelines requires the reasons for the same have to be recorded in writing.

As per clause 13 (c) read with clause 13(a) and (b) of the revised land policy guidelines of 2014, the port shall file a proposal to TAMP 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) revised land policy guidelines of 2014.

(b). The KPT has furnished valuation of land under all the five factors. The port has stated that it has engaged approved valuer for valuation of salt lands of the KPT and has submitted the Valuation Report of the approved valuer along with the proposal. The market valuation of salt land under the five prescribed factors considered by the LAC while arriving at the proposed lease rent are given below:

Factors as per Clause 13(C) of the amended LPG, 2014	**Market Value per acre for the year 2015 (Updated)**	**Lease Rent @ 6% per Acre / per annum for the year 2015 (Updated)**
(A) State Government's ready reckoner of land values in the area, if available for similar classification / activities	₹ 6,317/-	₹ 379/-
(B) Highest rate of actual relevant transactions registered in last three years in the Port's vicinity (the vicinity of the Ports is to be decided by the respective Port Trust Boards), with an appropriate annual escalation rate to be approved by the Port Trust Board.	₹ 2,83,567/- Data available with KPT is of 2010. No transactions registered during last 3 years.	₹ 17,014/- (Rate derived from average of the highest upfront premium received in respect of salt lands) Data available with KPT is of 2010. No transactions registered during last 3 years.
(C) Highest accepted tender-cum-auction rate of port land for similar transactions updated on the basis of	₹ 3,74,400/-	₹ 22,464/-

the annual escalation rate approved by the Port Trust Board.		
(D) Rate arrived at by an approved valuer appointed for the purpose by the Port.	**	##
(E) Any other relevant factor as may be identified by the Port. [Arrived based on the average of the upfront premium received for the year 2010 as well as 2012 by giving 2% annual escalation, as both the rates i.e. the tender received in 2010 as well tender received in 2012 are representative enough to work out the revised value of the land.	₹ 3,32,433/-	₹ 19,946/-

** The market value of land arrived at by the Approved Valuer M/s.Rakesh Narual & Co., Vadodara, appointed by KPT for the purpose of valuation of salt land during 2014 are as under:

Sr. No.	Location	Market value of land (₹/acre)					
		Upto 10 Acres	11 Acres to 50 Acres	51 Acres to 100 Acres	101 Acres to 300 Acres	310 Acres to 1000 Acres	Above 1000 Acres
		105%	105%	100%	90%	75%	50%
1.	Kandla	235620.00	235620.00	224400.00	201960.00	168300.00	1121200.00
2.	Mithirohar	203490.00	203490.00	193800.00	174420.00	145350.00	96900.00
3.	Kharirohar	203490.00	203490.00	193800.00	174420.00	145350.00	96900.00
4.	Padana	182070.00	182070.00	17340.00	156060.00	130500.00	86700.00
5.	Varsana	182070.00	182070.00	17340.00	156060.00	130500.00	86700.00
6.	Chirai	171360.00	171360.00	163200.00	146880.00	122400.00	81600.00
7.	Moto Chirai	171360.00	171360.00	163200.00	146880.00	122400.00	81600.00
8.	Jungi	139230.00	139230.00	132600.00	119340.00	99450.00	66300.00

The lease rental at 6% of the above market value of land assessed by the approved valuer.

Sr. No.	Location	Lease rent (₹/acre)					
		Upto 10 Acres	11 Acres to 50 Acres	51 Acres to 100 Acres	101 Acres to 300 Acres	310 Acres to 1000 Acres	Above 1000 Acres
		105%	105%	100%	90%	75%	50%
1.	Kandla	14137.20	14137.20	13464.00	12117.60	10098.00	6732.00
2.	Mithirohar	12209.40	12209.40	11628.00	10465.20	8721.00	5814.00
3.	Kharirohar	12209.40	12209.40	11628.00	10465.20	8721.00	5814.00
4.	Padana	10924.20	10924.20	10404.00	9363.60	7803.00	5202.00
5.	Varsana	10924.20	10924.20	10404.00	9363.60	7803.00	5202.00
6.	Chirai	10281.60	10281.60	9792.00	8812.80	7344.00	4896.00
7.	Moto Chirai	10281.60	10281.60	9792.00	8812.80	7344.00	4896.00
8.	Jungi	8353.80	8353.80	7956.00	7160.40	5967.00	3978.00

(c). As regard the first factor while arriving at the valuation of land as per State Government ready reckoner at ₹6317 per acre and updated lease rent at 379/- per acre, it is seen that the port has considered the rate of ₹300/ hectare charged by the state Government reportedly for the year 2010 plus ₹8/- tonne towards royalty (minimum ₹400 per hectare) plus education cess of ₹150 per hectare and updated it for the year 2015. Though the KPT has shown the valuation under the first factor, it does not form the basis for the lease rent proposed by it.

(e). As regard the second factor, the LAC has noted that no transaction are registered for salt land in the last three years. The valuation furnished at ₹2,83,567 per acre is reported to be based on the average upfront premium received by KPT in the year 2010 at ₹ 2,27,736.53 per acre for a lease period of 30 years updated applying 2% annual escalation to arrive at updated upfront premium for the year 2015 at ₹251440. The updated average upfront premium for lease for 30 years period i.e. ₹251440 per acre is divided by the divisible factor of 14.7781 [which is the sum of product of Re.1 at discounting factor 7.9872% with annual escalation 2%] for a period of 30 years from 2015-16 to 2044-45 and lease rent of 17014/- per acre per annum is arrived at (i.e. ₹251440/14.7781). From the derived lease rent, the market value of land is derived at ₹2,83,567 / acre i.e., 17014*100%/6%.

(f). As regards the third factor, the market valuation furnished at ₹3,74,400 per acre is reported to be based on the highest upfront premium received in the year 2012 at ₹ 3,12,868 per acre for a lease period of 30 years updated applying 2% annual escalation to arrive at updated upfront premium for the year 2015 at ₹3,32,018. The updated average upfront premium for lease for 30 years period i.e. ₹3,32,018 per acre is divided by the divisible factor of 14.78 (14.7781 rounded off to 14.78 by KPT here) as explained in the second option and lease rent of 22,464/- per acre per annum is arrived (i.e. ₹3,32,018/14.78). From the derived lease rent, the market value of land is derived at ₹3,74,400 i.e. ₹22,464 *100%/6%.

(g). Under the fourth option, the valuation of land is furnished by the approved valuer engaged by the KPT for different sizes of salt land and for different location. This option has also been considered as one of the factors by the LAC while recommending the land value and lease rent for Kandla salt lands.

(h). As regard the fifth method, from the detailed working of the market value of land and proposed lease rent furnished by the KPT, it is seen that the port has considered the sum of upfront premium received by the port by auction in the year 2010 for 10 plots of salt lands of parcel sizes 50 acres and 100 acres and escalated by 2% per annum to arrive at value of salt land for the year 2015 at ₹18,85,79,651/- for total 750 acres. Likewise, the upfront premium quoted by bidders in tender cum auction in the year 2012 for 13 plots of salt land of parcel size 50 acres and 100 acres has been escalated by 2% per annum to arrive at value of salt land for the year 2015 at ₹37,14,59,571/- for total 1150 acres. The average value of 1900 acres of salt land (1150 acres + 750 acres) worked out by KPT is at ₹294757/- per acre [(₹37,14,59,571 + ₹18,85,79,651) / 1900]. The port has emphatically stated that the average upfront premium received for the year 2010 as well as quoted in the year 2012 by giving an escalation is representative enough to work out the market value of salt land. The updated average upfront premium for lease for 30 years period i.e. ₹2,94,757 per acre is divided by the divisible factor of 14.7781 [which is the sum of product of Re.1 at discounting factor 7.9872 with annual escalation 2%] for a period of 30 years from 2015-16 to 2044-45 and lease rent of ₹19946/- per acre per annum is arrived (i.e. ₹294757/14.7781). From the lease rent, the market value of land is derived at ₹3,32,433 / acre (i.e. ₹19,946 * 100% / 6%). A working sheet to arrive at the lease rent of ₹19,946 is attached as **Annex**.

(i). The Land Policy Guidelines, 2014 require ports to first arrive at the market value of land and thereafter derive lease rent at not less than 6% of the market value of land. As against the above, it is seen that under second, third and fifth factor, the port has derived lease rent from the upfront premium figures for 30 years period and therefrom arrived at the market value of land. The KPT has clarified that the either way, whether the lease rental is worked out first or market value first, there will be no change in the value of lease rental per acre per annum derived.

When pointed out to the KPT that applying 6% on ₹2,94,757/-, the lease rent works out to ₹17685/- per acre per annum, the port has clarified that the approach adopted by it of dividing the upfront premium of 30 years period with the divisible factor of 14.7781 is similar to analogy adopted by this Authority while approving the lease rentals of Salt land of Kandla Port Trust vide Order dated 9 April 2012 where the divisible factor worked out to 11.258 [which is the sum of product of Re.1 at discounting factor 8%] on the grounds cited in para 13 (ix) & (x) of the aforesaid Order, that the upfront premium quoted by the bidders are the aggregate present value of the annual payment of lease rentals for a period of 30 years.

The approach adopted by the KPT in analogy to the approach followed in the last tariff Order is hence found to be in order. Hence the divisible factor applied by the KPT at 14.7781 to capture the time value of money on the upfront premium quoted for 30 years period by applying the discounting factor of 7.9872% and 2 % annual escalation applicable in the lease rent as per the Land Policy Guidelines, 2014 may be accepted. It is also in line with similar approach adopted by the JNPT seeking lease rent for allotment of land at SEZ for 30 years period.

(vi). Of the five factors of land valuation, it is seen that the highest market valuation of salt land comes under the third option at ₹3,74,400 / acre and 6% lease rent at ₹22,464 / acre. The LAC has, however, recommended market value of land under the fifth factor at ₹3,32,433/ acre and lease rent at 6% thereof i.e., ₹19,946/- per acre per annum.

It is relevant to state here that the lease rent for salt land approved by this Authority in the last Order dated 9 April 2012 is ₹23,250/- per acre per annum fixed effective from 5 July 2010 and valid for five years. The said rate was subject to 2% annual escalation and it works out ₹25167/- per acre per annum as on 4 July 2015 on the date of expiry of original validity (₹23,250 *1.02*1.02*1.02*1.02).

The port has stated that the LAC, in its earlier meeting held on 4.07.2015, keeping in view the Land Policy Guidelines, 2014 had earlier recommended rate of ₹25,670/- per acre per annum arrived at by considering 2% escalation on the SOR rate of ₹23,250/- per acre per annum fixed w.e.f., 5.07.2010 till 5.7.2015 (i.e. 23250 * 1.02 * 1.02 * 1.02 * 1.02 * 1.02). Based on above, the LAC had earlier recommended latest market value at ₹4,27,833/- per acre (i.e. 23250 *100%/6%). However, on the advice of the Board to reconsider the land valuation and lease rent it in view of no response received by the port on recent auction attempts of salt lands, the LAC has proposed market value of land which is not highest of the five factors.

The KPT has stated that the LAC has reviewed the rate structure of salt lands. The LAC on such review, has recorded the following main observations / reasons, while proposing to recommend the revised reduced lease rent for salt land:

(a). The LAC noted that no bids were received by the port in the year 2015 in the e-tender cum e-auction despite wide circulation and despite extending the date of the tender. Finally tender was discharged by the port as no response was received.

(b). The LAC noted that no response to recent e-tender was attributable to slack in demand in respect of salt due to depressed market conditions and recession, substantial drop in sale value compared to the same with 2010 rates and reserve Price of ₹25,167/- per acre per annum fixed by KPT with 2% escalation per year and revision after every 5 years which seems to be on higher side as compared to the rates of Government of Gujarat, which is just Rs.850/- per hectare without any escalation and 10% increase in every 3 years.

(c). The LAC after deliberation at length has decided not to consider the highest of the above factors for following reasons:

(i). By keeping the reserve price of ₹25167/- per acre per annum, no response has been received inspite of repeated extensions of the Bid and wide circulation of NIT

(ii). Due to non-response, the land is kept idle, resulting loss of revenue to KPT.

For the above cited reasons, the LAC, after deliberation, has recommended market value of salt land of KPT considering the fifth factor i.e. any other relevant factor at ₹3,32,433/- per acre and lease rent @ 6% at ₹19,946/- per acre per annum respectively w.e.f. 05.07.2015 with 2% escalation per annum.

The Board, after deliberation at length on the recommendation of the LAC, and after taking into consideration the d.o. letter of 8 July 2015 of the Joint Secretary (Ports) felt that the reasons given by the LAC for not adopting market valuation and lease rent based on highest of five factors are convincing and the proposal is realistic and reasonable and in the best interest of the Port and has approved value of salt land at ₹3,32,433/- per acre and lease rent @ 6% at ₹19,946/- per acre per annum respectively w.e.f., 05.07.2015 with 2% escalation per annum as recommended by the LAC.

Thus, it can be seen that the LAC has reviewed its earlier recommendation on the valuation of the land under the five factors and has finally recommended reduced market value of land and lease rent in comparison to the lease rent approved by this Authority in the April 2012 Order. The LAC has also given reasoning for adopting land valuation which is lower than the highest value of the land. The Board has after detailed deliberation and taking note of the d.o. letter dated 8 July 2015 received from J.S. (Ports), MOS, has approved the market value and lease rent as recommended by the LAC.

In the light of the analysis in the preceding paragraphs and bearing in mind that the LAC, headed by Deputy Chairman (KPT) and comprising of Head of the Departments of the port trust, after review has recommended the market value and lease rent of salt land of KPT following the revised Land Policy Guidelines 2014, and also recognising that the Board of Trustees of KPT, taking into consideration the report of the LAC and also considering the d.o. letter dated 8 July 2015 received from J.S. (Ports), MOS approved the proposed lease rent for salt land, this Authority accepts the proposal of the KPT.

(vii). (i). Most of the users/ user association have objected the rate proposed by the KPT. SKSLWA, Gujarat Chamber of Commerce and Industry, Shree Jyoti Salt Industries, M/s. Chirai Salt Works Most of the users/ user associations, etc., have raised objection on the method adopted by KPT of arriving at the proposed lease rent for salt land based on the average of the auction price received by the port in the year 2010 and 2012. They have stated that the auction of salt lands parcels held in the year 2010, was a sample auction of plots measuring 50 acres and 100 acres land and hence is not representative for varying parcel size of salt lands. The auction of the 15 plots held in the year 2012 never materialized and hence considering the premium offered in a non-materialised auction for arriving at the market value and lease rent is improper and do not reflect the “actual relevant transactions.

(ii). The another point made by most of the users/ user association is that the land valuer appointed by KPT has valued salt land in a scientific manner taking into consideration location of the plots and size of the plot which is essential for valuation purpose. While the KPT has also confirmed the correctness of the exercise, the KPT has completely ignored this and has proposed lease rent based on average of premium offered in two auctions in 2010 and 2012, one of which not concluded and was discharged, as contended by them.

The KPT has emphatically stated that the Land Allotment Committee after considering rates as per the various factors, has finally recommended the rate based on the average of the rate received for the 2010 as well as 2012 with an annual escalation as applicable, wherein number of bidders have actively participated in the auction process. The port has also emphatically stated that many bidders have bid in the Kandla salt lands auctioned in 2010 and 2012 and the upfront premium received from the bidders in the year 2010 and the upfront premium quoted in the year 2012 is representative enough to work out the lease rent. The valuation of land done by the valuer is one of the five factors to be considered for arriving at the SOR which was considered by the LAC. The LAC has finally recommended the land valuation based on the fifth factor i.e. any other relevant factor and the same has been approved by its Board and accordingly proposed by the port. It is seen from the proposal filed by the KPT that in the year 2010 the KPT has received the upfront premium for 10 plots of salt land which is found to be in the range of ₹2,13,480 to ₹2,52,000 per acre for 30 years period. For the year 2012 though the tender was discharged, the upfront premium quoted for 13 salt land plots is reported in the range of ₹2,74,400 per acre to ₹3,12,868 per acre. KPT has already received upfront premium for various salt lands during auction carried out during the year 2010. Hence, KPT has viewed that the questions of taking any other lower rate at this stage does not arise.

The valuer has assessed market value of salt land of Kandla taking into consideration location of the plots and size of the plot. Despite the observation of most of the users/ user associations to adopt this method, the KPT has expressed its inability to adopt this factor citing that consideration of lease rent lower than the amount already received upfront premium does not arise. The KPT has also submitted that the proposed lease rent arrived based on the average of the upfront premium received for the 2010 as well as 2012 with an annual escalation is representative enough to arrive at the proposed lease rent. Since the proposal of the KPT is based on the recommendation of the LAC, following the revised Land Policy Guidelines and with the approval of the Board after taking into consideration the MOS letter dated 8 July 2015, this Authority is inclined to go by the proposal of the KPT.

(viii). M/s.Gandhidham Chamber of Commerce & Industry (GCCI), M/s. New Kandla Salt & Chemical Co Pvt. Ltd. (NKSC), Doongursee Salt Works Pvt. Ltd., M/s. Chirai Salt Works and few other users have stated that the rate levied by the State Government of Gujarat for land adjoining the Kandla Salt Land which is used for identical purpose is ₹344/- per acre per annum. As against that the lease rentals proposed by the KPT is ₹19946/- per acre per annum. They have sought to argue that there is no difference between the salt produced in the land of Gujarat Government and at the adjoining land of KPT. Some of the users have also argued that there is apparently no logic that justifies recommending such a high rate and more so when the Ministry of Shipping itself vide its letter dated 8th July, 2015 has stated that it is not mandatory that the Land Allotment Committee has to necessarily take the highest of the 5 factors given in the Land Policy Guidelines and can choose another factor with proper justification.

The KPT has clarified that comparison with the rate structure of State Government cannot be considered by the KPT as per the provision of Land Policy Guidelines approved by the Cabinet which has to be followed in toto. The port has stated that the LAC after considering rates as per various factors as per provisions of Land Policy Guidelines,2014 has finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation. The clarification furnished by the MOS vide letter date 8 July 2015 is reported to have been considered by the Board of Trustees while arriving at the proposed lease rent.

Since the port has filed the proposal strictly following the revised Land Policy Guidelines, 2014 issued by the Ministry of Shipping and the Board of Trustees of the KPT has approved the same after taking into consideration the report of the LAC and also the MOS letter dated 8 July 2015, this Authority cannot brush aside the proposal of the KPT.

(ix). SKSLWA, M/s. Chirai Salt Works (CSW), GCCI have stated that the lease rents presently being charged by Various State Govts. like Gujarat, Tamil Nadu, Maharashtra, Rajasthan and others should be looked into. The use of the land remains the same i.e. salt farming and hence there cannot be any vast difference between the two rates. It has to be kept in view that the port as well as this Authority are governed by the revised Land Policy Guidelines 2014 for revision of lease rent for port lands. As rightly stated by the KPT, comparison with the lease rate structure of other States is not as per the provisions of Land Policy Guidelines, which has been approved by the Cabinet, which has to be followed in toto. Hence the said point of the user associations does not merit consideration.

(x). M/s. Shree Laxmi Salt & Allied Industries (SLSAI) has made reference to the lease rent approved in the last tariff Order and stated that the rates discovered during 2010 & 2012 in the last Order were exceptionally very high, primarily erroneous and illogical citing that the decision of KPT to use discovery at base price of ₹3,700/- in 2010 itself is inappropriate interpretation and application of various provisions of Land Policy Guidelines. The SLSAI has raised issues against this Authority's decision of arriving at the lease rent of ₹. 23250/- by merging the upfront premium of 2010 and 2012 in its April 2012 Order.

In this regard, it is to be noted that the current proposal filed by the KPT is for revision of lease rent for salt lands for the subsequent period from 5 July 2015 onwards for 5 years. The points made by the SLSAI relate to the lease rent approved by this Authority in the last revision. The Order last passed by this Authority in April 2012 revising the lease rent for Kandla salt lands has withstood the judicial scrutiny of the Hon'ble Court. That being so, it is not found necessary to delve on the issues raised by SLSAI related to the last revision in the current exercise.

(xi). As regard the submission made by Shri Kandla Salt Lease Holder Welfare Association (SKSLHWA) and some of the users/ user associations that the observations and guidelines conveyed by the Joint Secretary (Ports) vide his dated 8 July 2015 to KPT have not found favour with KPT and the port has prepared its proposal in a mechanical manner and recommended the rates based on two factors which are not valid, the KPT has clarified that considering the present scenario and that no response was received during previous auction with a reserve Price of ₹25,167/- per acre, the LAC after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation. It is thus seen the LAC has proposed reduction in the lease rent from ₹25,167/- per acre recommended by it earlier to ₹19,946/- per acre recording reasoning for not proposing the rate based on the highest factors. The KPT has reported that Board of Trustees have taken into consideration the d.o. letter dated 8 July 2015 of the Joint Secretary (Ports) while approving the reduced lease rent recommended by the LAC. The proposal filed by the KPT is found to be as per the revised Land Policy Guidelines 2014 and takes into consideration d.o. letter dated 8 July 2015 of the Joint Secretary (Ports).

(xii). It is seen from the proposed schedule of annual lease rent for salt land, the KPT has sought approval of this Authority for market value of land and annual lease rent. As per clause 13 (c) of the revised Land Policy Guidelines, 2014 this Authority is required to notify the latest SoR of the land. As per Section 49 of the MPT, 1963 the mandate given to this Authority is to notify the Scale of Rates. Notifying the market value of land does not fall under the mandate of this Authority as per the statute. This position is also recognised in the revised Land Policy Guidelines, 2014 which requires this Authority to notify the latest SOR and not the market value of land.

The KPT has sought approval of ₹19946/- per acre per annum as reserve price in terms of annual lease rent. Clause 13 (b) of the revised Land Policy Guidelines, 2014 states that the reserve Price in terms of the annual lease rent would be latest SoR determined in accordance with Para 13(a) and 13 (c) of the ibid guidelines. That being so, this Authority decides to notify the reserve Price in terms of the annual lease rent i.e. the Scale of Rates at ₹ 19946/- per acre per annum.

(xiii). (a). The original proposal of the KPT did not include any conditionalities governing the proposed lease rent. On being pointed out this requirement the KPT has proposed a few conditions governing the rates as discussed in the subsequent paragraphs.

(b). Clause 18 (c) of Land Policy Guidelines, 2014 and clause 13(c) of the revised Land Policy Guidelines 2014 gives flexibility to Ports to fix rate of annual escalation which should not be less than 2% with the approval of the Port Trust Board. The KPT has proposed a note that the reserve price in terms of prescribed annual lease rent shall bear an escalation factor of 2% every year, as recommended by the LAC and approved by the Board of KPT. Hence, the proposed note is incorporated as proposed by the port.

(c). Clause 13 (c) of the revised Land Policy, 2014 guidelines stipulates that SoR would be refixed once in every 5 years by this Authority. The KPT has sought approval to the revised rates retrospectively with effect from 5 July 2015 citing that the rates approved in the last tariff Order were valid till 4.07.2015. The KPT has proposed a note that the market value / reserve price prescribed above will be effective from 5 July, 2015 and will remain for five years valid till 4 July 2020.

When sought reasons for seeking retrospective revision in lease rent when the proposal appears to seek lease rent for inviting bids, the KPT has submitted that port has allotted 10 nos. plots on 30 years lease during 2010 on upfront payment basis and full payment has been received. Hence, present revision of rate will not have any effect on the above 10 nos. subsisting leases. There are no other subsisting salt leases. Further, the fresh allotment of salt land through e-tender will be finalized applying the revised rates after this Authority approves the same.

Based on the submission made by the KPT, it is seen that technically the retrospective revision in lease rent sought by KPT will not have any impact on the 10 nos. of subsisting leases. The KPT has sought revised lease rent retrospectively with effect from 5 July 2015 so that there is no vacuum in the lease rent for salt land from the date of expiry. That being so, the proposal of the KPT for retrospective revision in lease rent from 5 July 2015 is approved as proposed by the KPT. As stated earlier, this Authority while extending the lease rent at the request of the KPT had stipulated that the revised lease rent when approved by this Authority would be given retrospective effect on the request of the KPT. The revised lease rent will be valid for five years as per the revised Land Policy Guidelines 2014 i.e. till 4 July 2020 as proposed by the port, with 2% annual escalation.

(d). The note proposed by the KPT that other conditions governing the lease rental / license fee shall be as per the Amended Land Policy Guidelines of 2014 issued by the Ministry of Shipping, Government of India is incorporated as proposed by the KPT.

9.1. In the result, and for the reasons give above, and based on collective application of mind, the reserve price in terms of annual lease rentals for salt lands of KPT at ₹19,946/- per acre per annum is approved as per schedule given below:

Lease rent for salt land at Kandla Port

Reserve Price in terms of annual lease rent for salt Land at Kandla port	**₹19946/- per acre p.a.**

Notes:

(i). The reserve price in terms of annual lease rent prescribed above will be effective from 5 July, 2015 and will remain valid till 4 July, 2020.

(ii). The annual lease rent prescribed above shall bear an escalation factor of 2% every year.

(iii). The other conditions governing the lease rental / license fee shall be as per the Amended Land Policy Guidelines of 2014 issued by the Ministry of Shipping, Government of India.

9.2. The revised lease rentals for the salt lands at KPT will be effective retrospectively from 5 July 2015 and shall be in force for five years. The approval accorded would automatically lapse thereafter unless specifically extended by this Authority.

(T.S. Balasubramanian)
Member (Finance)

Annex

Statement showing Calculation of proposed lease rent arrived by Kandla Port Trust for Salt Land

1) Details of upfront premium received in auction held in 2010

(In Rs)

	Size of the plot	upfront premium per acre	Total Amt
	50	252000	12600000
	50	213480	10674000
	50	213480	10674000
	50	213480	10674000
	100	221171	22117100
	100	219474	21947400
	100	219474	21947400
	100	219474	21947400
	100	275471	27547100
	50	213480	10674000
Total	**750**		**170802400**

Total upfront premium as of the year 2015 escalated at 2% per annum.	**18,85,79,651**

2) Details of upfront premium quoted in the year 2012.

(In Rs)

	Size of the plot	upfront premium per acre	Total Amt
	100	312868	31286800
	100	311868	31186800
	50	276669	13833450
	100	311868	31186800
	50	276264	13813200
	100	311868	31186800
	100	311868	31186800
	100	301868	30186800
	100	310868	31086800
	100	305868	30586800
	100	305868	30586800
	100	301868	30186800
	50	274400	13720000
Total	**1150**		**350034650**

Total upfront premium as of the year 2015 escalated at 2% per annum.	**37,14,59,571**

3) Calculation for sum of product of Rs 1 at discounting factor 7.9872% with annual escalation at 2%.

(In Rs)

Year	Period	7.9872%	G.R	Total G.R
0	2015-16	1	1	1.0000
1	2016-17	0.9260	1.02	0.9446
2	2017-18	0.8575	1.04	0.8922
3	2018-19	0.7941	1.06	0.8427
4	2019-20	0.7354	1.08	0.7960
5	2020-21	0.6810	1.10	0.7519
6	2021-22	0.6306	1.13	0.7102
7	2022-23	0.5840	1.15	0.6708
8	2023-24	0.5408	1.17	0.6336
9	2024-25	0.5008	1.2	0.5985
10	2025-26	0.4637	1.22	0.5653
11	2026-27	0.4294	1.24	0.5340
12	2027-28	0.3977	1.27	0.5044
13	2028-29	0.3683	1.29	0.4764
14	2029-30	0.3410	1.32	0.4500
15	2030-31	0.3158	1.35	0.4250
16	2031-32	0.2924	1.37	0.4015
17	2032-33	0.2708	1.40	0.3792
18	2033-34	0.2508	1.43	0.3582
19	2034-35	0.2322	1.46	0.3383
20	2035-36	0.2151	1.49	0.3196
21	2036-37	0.1992	1.52	0.3018
22	2037-38	0.1844	1.55	0.2851
23	2038-39	0.1708	1.58	0.2693
24	2039-40	0.1581	1.61	0.2544
25	2040-41	0.1465	1.64	0.2403
26	2041-42	0.1356	1.67	0.2269
27	2042-43	0.1256	1.71	0.2144
28	2043-44	0.1163	1.74	0.2025
29	2044-45	0.1077	1.78	0.1913
			Sum	**14.7781**

4) Calculation for Lease Rental

(i). Average upfront premium for 30 years = **Rs 2,94,757 ***

(ii). Sum of product of Rs 1 for 30 years = **Rs 14.7781**

(iii). Lease Rent [(i) / (ii)] = **Rs 19,946**

* Average upfront premium = $\frac{18,85,79,651 + 37,14,59,571}{1900}$

= 2,94,757 / acre

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

TAMP/79/2015-KPT	:	**Proposal from the Kandla Port Trust for revision of Scale of Rates of Salt Land.**

1. A summary of comments received from the users / user organisations and reply of KPT thereon is given below:

Sl. No.	Comments of the users/ user organisations	Reply of KPT
1.	**M/s. Shree Laxmi Salt & Allied Industries (SLSAI)**	
(a).	SLSAI objects the proposed revised Lease Rental of ₹19,946/-per acre per annum and is not acceptable because same has been derived, discovered from the two of its erroneous figures discovered in of 2010 and 2012 primarily adopting illogical, disproportionate, and unrealistic methodology defeating all kind of wisdom and sense rendering it non representative of factual and true scenario leading to discovery of unrealistic and illogical and exceptional high market values.	The proposal for fixing of SOR is strictly as per the clause No.13 of amended Land Policy Guidelines 2014, which has been sent to TAMP after detailed discussions, deliberations and recommendations of Land Committee and duly approved by the Board, vide BR No.119 dated 31.10.2015.
(b).	The decision of KPT to use the illogical and erroneous approach and methodology in discovery of base price of ₹3,700/- in 2010 itself is by sheer mechanical and inappropriate interpretation and application of various provisions of Land Policy Guidelines and was pushed through a medium created so conveniently namely 'Land Valuation Agency' to suggest the base rate. Reading the report submitted by the "Land Valuation Agency' gives the impression very easily and openly that entire exercise was indeed a pre-orchestrated one to suit intents and game plan wrapped using the provisions of Land Policy Guidelines and its mechanical, illogical and inappropriate interpretation thereof.	The reference of rates discovered during 2010 and 2012 is having no relevance with the present proposal as at that time, the rates approved by the Board and subsequently approved & notified by TAMP, vide Notification No. 118 dated 04.05.2012 has been challenged in the court of law. Finally, the Hon'ble Supreme Court of India has upheld the approval granted by TAMP, vide order dated 08.01.2015 in SLP (C)No. 1803/2014.
(c).	KPT hunted for suitable for noose it made on gallows via recommendation of 'Land Valuation Agency' and found Salt Land lease holders and hanged them all together! To execute it legally, it found a statutory agency called TAMP to get it approved by it as what is called 'Special Purpose Vehicle' (SPV) – a terminology very dear of babus and in power corridors. It is very unfortunate indeed.	
(d).	What was the need to appoint so called a 'Land Valuation Agency' when it was very ample clear and known to the KPT and Ministry inter alia that no data or information is available to derive the valuation as	The Government approved Valuer is being appointed as per the provisions of Land Policy Guidelines.

	specified into their gospel document called 'Land Policy Guidelines'! What new revelation it 'discovered' which was not known or visualized by the officials of Ministry and KPT? KPT should be asked to disclose what helped it to discovery the magical figure of ₹3,700/- as 'Base Rate'.	
(e).	(i). What data / record did the so called appointed and assigned 'Land Valuation Agency' use to discover the magical figure of ₹3,700/- the base rate – merely of a Salt Lands owned by govt. company, namely Hindustan Salts Ltd - situated far far away almost more than 250 Kms! From the Salt Lands of KPT in question. (ii). Every logical and sensible mind failed to understand, why the figures derived by a company which it did so for own purpose suitable to their facts and perspective and purpose and more importantly completely different dynamics vis-à-vis what the dynamics the Salt Land of KPTs have – not comparable in any manner. (iii). Why still KPT considered it and why still it was approved to commit a big error leading to loss of business and loss of revenue for KPT which KPT itself has accepted and admitted in it Financial Accounts released. Even the KPT has admitted itself its erroneous effect lead to abnormal, illogical and exceptional very high rate of Market Value responsible for 'No-Response' to subsequent Tenders for Salt Land and loss of revenue due to Salt Lands remained unutilized as could not be allotted. Who is responsible for this mess? Terms Conditions were laid out by the Hindustan Salt Ltd in its Tender Document dated 30.09.2009 outlining its objectives and needs while offering the Land on Lease through Tender clearly specifying its possible interest in purchasing the Salt produced by the Lease Holders and mandated a priority consideration for them – Which is not in the case of Salt Lands offered by the KPT – this is a very important, pivotal and basic difference of dynamics of Lands offered.	The Land Valuation Report has been approved by the Land Committee and the Board and thereafter submitted to TAMP.
(f).	SLSAI repeatedly and relentlessly opposed the base rate of ₹3,700/- discovered through such an erroneous approach and methodology through various communications back to back not only to the KPT, but to the PMO and even to the President of India through specially filed grievances petition (Ref No: PRSEC/E/2012/12432 dated 19.08.2012) and highlighted our concerns pointing those vague irregularities involved.	Already replied in above paras as the rate structure has been fixed strictly as per the provisions of Land Policy Guidelines. Further, as mentioned under TAMP notification, it is correct that KPT has conveyed to TAMP that it does not want to revise its proposal citing the rate discovered was in line and realistic to the market scenario, and therefore, would not like to revise it. Further, as the representation is on TAMP notification of 2012, which was found

	The honest study and true interpretation of the T&C as quoted by us as above would establish the fact what SLSAI have relentlessly highlighted – the basic fact that since there is a basic difference in the dynamics of Salt Lands of HSL and KPT therefore, any rate as Lease Rental devised by HSL which is reflective of their own factual circumstances, objectives with interest in product and other consideration CANNOT be considered suitable for application in the case of Salt Lands offered by KPT. SLSAI failed to understand why such simple fact was not heard or not considered by KPT or the Ministry. This gives a reason to doubt the intent behind. SLSAI, therefore, reiterates that the base rate of ₹3,700/- discovered in 2010, which triggered all subsequent Market Value Rates of ₹13,570/- in 2010 & ₹23,250/- in 2012 respectively which led to discovery of new proposed rate of ₹19,946/- is under consideration of TAMP as its cascading effect be scrapped instantly declared null and void with the immediate effect and a New Base Rate be discovered afresh considering the above factual merits – considering the lease rate that existed and due for revision to be made applicable w.e.f., 05.07.2010 – ie. ₹167/- and derive a new realistic Base Rate commiserating with the realistic market scenario that existed during the period it was due for revision actually, that i.e., July - 2010 and made applicable instead, and the subsequent derived market rate wef 05.07.2015 under proposed consideration i.e., ₹19,946/- be recalibrated accordingly considering its logical and dominos effect to arrive at a New Realistic and Logical Market Rate to correct the errors and omissions committed in the past.	to be in order by the Hon'ble Supreme Court and hence no further comments to offer.
(g).	SLSAI also reiterates its relentless objection of merging the rates discovered in 2010 & 2012 and derive a new Rate by erroneously referring and attributing the order of Hon'ble Delhi High Court, which directed to conduct a round of Auction to know the fair Market Rate but never directed or suggested the merging of any existing rate with rate discovered during extant Auction to derive a New Market Value Rate by merging. A wrong interpretation and reference to the Hon'ble Court's judgment has been made and applied and 'Merging' was carried out which gave a new Market Value Rate discovered in June/July 2010 ₹13,570/- and ₹23,250/- as discovered in the auction conducted in 2012 as per court order to be made applicable wef 05.07.2015 ie. ₹23,250/- instead of originally discovered ₹13,570/- as described above. This wrong	

	interpretation and its application of order of Hon'ble Delhi High Court also is a sound reason in support of our demand of canceling the merging of two rates discovered in 2010 & 2012 separately as described above and giving a new rate of ₹23,250/- out of it. It must be considered favorably and therefore be scrapped instantly.	
(h).	SLSAI believe, unless our above point of view is not considered despite being full of logic and factual merits, the entire current exercise would reduce to farces and mockery. [To further emphasize its point of view, SLSAI has drawn attention to the order of the TAMP itself No: No. TAMP/15/2011-KPT dated 30.04.2012 commented and requested reference to the facts recorded therein pointing towards the stand of the TAMP]	
(i).	KPT suffered a lot in terms of huge business and revenue loss, increase in expenditure which KPT itself also have acknowledged in its Summary of its Financial Review 2013-14. (A). The Traffic : - Recorded drastic resultant decrease of 7.06% in Traffic (B). The Operating Income: Recorded drastic resultant decrease by ₹36.29 Crores or (4.65%) attributed to the reasons of Decrease of ₹53.85 crores in Cargo Handling income due to recorded decease in traffic by 7.06% as mentioned above. (C). Decrease of ₹9.87 Crores in Port & Dock Charges due to decrease in GRT by 69.71 tons. (D). Increase in expenditure by ₹85.26 Crores or 33.14% (a). Above is a huge loss to the National Exchequer ultimately and all those role players should share their piece of cake of responsibility and certainly Lease Holders are not at fault at all. And saga is still on and therefore, would add further to the loss to the National Exchequer – as despite having realized the true reasons – the desire to correct the errors and omissions committed is not visible on horizon to solve and dissolve the present stalemate. Ministry itself has realized that it was due to its own and KPT's inter alia attitude of mechanical and inappropriate application thereof has led to discovery of irrational, erroneous, exceptional high and not reflecting realistic market value Rate. (b). Ministry has come out with the clarifications on the provisions of "Land Policy Guidelines, in the back drop of	The record resultant decrease in traffic to the tune of 7.06% was not due to salt, on the contrary export of salt increased. The present proposal submitted to TAMP is also strictly as per the provisions of Land Policy Guidelines and the market rates, which has been justified by the Land Committee in its meeting and subsequently agreed and approved by the Board also. Further, the comparison with fixing of 2000 rates with 2015 rates cannot be made as both the rates were prepared as per the provisions of Land Policy Guidelines in force. Other paras mentioned in the representation cannot be commented as the same does not relate with the fixing of SOR for salt land.

	realizing the fact that " in some Ports high market values have been fixed by mechanical and inappropriate application of Land Policy Guidelines" – this exactly was our point of view and basic concern . (c). Now all role players must accept our this underlying argument and merit therein and understand the need for bringing much needed corrections – starting with correction in erroneously discovered base rate for auctions 2010 ie. ₹3,700/- and applying the resultant effect of such corrections in subsequent rates discovered during 2012 and after TAMP's discovery after merger, and finally recalibrating the current proposal for revision of SoR of Salt Land to be made effective by 05.07.2015 which is the subject matter of current consideration to make it more realistic, logical and sensible. (d). No one either the Ministry, KPT, TAMP can toy with any policy stand or attitude contrary to the present Central Govt policies and stand and promoting the 'ease of doing business in India' and private entrepreneurship and investment with complete new vision shredding the old age 'Sarkari' and 'Political' thinking. (e). SLSAI also demand and request TAMP to please ask Kandla Port Trust to substantiate and prove its four reasons it enlisted as main reasons for no responses to the auctions as described on page no 6 of its current proposal. (f). If we draw attention to one more biggest government step towards creating private entrepreneur friendly environment and attracting private investment in the country than all role players including TAMP should take note of government biggest step in pushing entrepreneurship by cabinets approvals to "stand up" India concept. (g). Finally, it is stated that extant elaborate and detailed submission shall put the entire matter in complete new perspective would now be reevaluated and would be given a considered view to address the present state of stalemate and finding some optimal solution thereof. If done so, it is going to have its own far reaching imprints in the history. We shall highly be thankful and obliged for such thing to happen.	
2.	**M/s. Shri Kandla Salt Lease Holder Welfare Association (SKSLHWA)**	
(a).	The Authorities have finally realized the need to consider the downward revision of lease rent for salt land ultimately vindicating our stands in the matter though not to the full measure.	
(b).	While the Port Trust has recommended a lower lease rental as compared to the earlier lease rental approved by TAMP, would	

	suffice to conclude that the rate recommended is still quite high and there is obviously a case to review the proposed rates based on the facts and clarifications contained in the MOS letter dated 8th July, 2015 and to bring down the rate further while at the same time ensuring utilization of this land and resultant revenue to the KPT. The SKSLHW cites relevant extract from the Joint Secretary (Ports) MOS letter dated 8 July 2015, minutes of the meeting of the land allotment committee held on 29.09.2015 and minutes of the meeting no. 7 of the board of trustees of KPT held on 31.10.2015 to justify submissions.	
(c).	The SKSLHWA wish to submit the comments in the matter as under :	
	(i). The proposal submitted by KPT is based on the average of the following two factors : (a). Auction rates derived in the Sample auction of plots held in the year 2010 and (b). Auction rates derived in the auction of plots held in the year 2012. (ii). Recommending a rate arrived at on the basis of abovementioned two factors would be grossly incorrect since these factors do not capture the realistic market value of land and hence are not relevant due to undernoted reasons : (a).The Auction of salt land parcels held in the year 2010 was a “SAMPLE AUCTION” and plots admeasuring only 50 acres and 100 acres were put to tender-cum-auction. Thus it would not be justified to apply the rates ascertained in this Auction for the plots of varying sizes as has been emphasized by the Ministry of Shipping in its letter dated 08.07.2015, besides which as these Auctions were held in 2010, considering this as a factor for fixation of Rates in 2016, is not fully in conformity with Para 18 (a) (ii) of LPG, 2014. (b). The auction of 15 plots held in the year 2012 was never concluded. Moreover, the KPT has already resolved to discharge the Tenders as mentioned hereinabove. Thus considering the premium offered in a non-concluded auction held in the year 2012 for arriving at an appropriate lease rent would be improper and not in consonance with the Ministry of	The proposed rate structure of salt land has been prepared as per the provision of Land Policy Guidelines. The Land Allotment Committee after considering rates as per various factors, had finally recommended the rate considering the average of the rate received for the 2010 as well as 2012 with an annual escalation as applicable, wherein number of bidders had actively participated in the auction process, which are representative enough to work out the revised lease rentals.

	Shipping letter dated 08.07.2015 (refer Para 4.2) which states "actual relevant transactions."	
	(ii). (a). The Valuers were appointed by the Port Trust whose scope of study was defined as "To provide the fair market value to KPT to enable them to ascertain the lease for the renewal of leasehold plots." (para 3.3 of the Report-Page 3). (b). A perusal of the Report submitted by the Valuers categorically shows that they have done a thorough exercise in a scientific manner after involving some other Consultants having specific knowledge in the field and even by having dialogue with the real estate brokers and others. All these indicate that the valuers had arrived at a fair market value of salt land as was warranted in the matter and that the KPT had also additionally confirmed correctness of their valuation exercise. However, it is surprising that despite being in concurrence with the valuation submitted by Valuer, KPT has completely ignored it while recommending the lease rent from their side to TAMP by merely basing it on the premiums offered in the two auctions, one of which was not concluded and tenders discharged and the other one is not in complete conformity with the provision of LPG, 2014 besides being only for 50 & 100 acres of land which would not in any case be justified. (c). As recorded in the minutes of Land Allotment Committee Meeting held on 29.09.2015 the Valuers appointed by the Port Trust had valued the Land parcels of Salt Land under various categories depending on the distance/location of the land and the size of the land parcels. It is a known fact that the higher the area of a land parcel, the lower is its value. Similarly, the value of land widely differs depending on the location of the plot. Precisely because of this the lowest valuation per acre as suggested by the approved valuer is put at ₹130000/- (for Jungi Plot) and the highest being estimated at ₹220000/- (for a plot in Kandla area). The Valuers have further adjusted the valuation of the land by categorizing the land parcels based on the size of the plot and have made	The valuation of land done by the Valuer being one of the factors to be considered for arriving at the SoR. As KPT is already having rates received during the e-auction process for various salt lands carried out during the year 2010 and 2012, hence, taking any other lower rate at this stage does not arise.

	different valuations for sub-categories viz. : UPTO 10 ACRES 11 ACRES TO 50 ACRES 51 ACRES TO 100 ACRES 101 ACRES TO 300 ACRES 301 ACRES TO 1000 ACRES AND ABOVE 1000 ACRES. (d). Thus, the valuation of a plot of a bigger size in the same area is estimated by the Valuers at less than 50% of the value of the smallest plot in the same area. This seems to be quite logical as the economic viability of a salt farming land not only depends on its location but hinges on its size. (e). Considering the fact that Valuers have appreciated the importance of these two aspects viz. location of the plot and its size and the fact the MOS has also clearly stated in its letter dated 8th July, 2015 in unequivocal terms that the due care is taken to choose the relevant factor which captures the realistic market value of land besides laying emphasis on the equivalence of the size of the plot and its similar usage, TAMP is requested to consider classification of salt land parcels on the basis of sizes and also approve different rates for land parcels based on the location of the land. (f). Para 4.3 - Similarly highest accepted tender cum auction of Port land for similar transactions means that tender-cum-auction done for land of similar sizes, and similar use. UNQUOTE.	
	(iii). (a). The rate proposed at ₹19946/- is still incomparable with the lease rent charged by the State Govt. of Gujarat and works out to more than 52 times of the rate being charged by the State Govt. for the similar land used for the same purpose. (b). The Land belonging to State Govt. of Gujarat is also in the area adjoining KPT Land as well as in between KPT Land and as such charging a substantially higher rate rather a disproportionate one for the land in the same area cannot be considered as justified. (c). Given the fact that State Govt. rate is far lower than the rate proposed by	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto.

	KPT, there is apparently a dire need to keep this anomaly in mind while considering revision in lease rentals and it is warranted to drastically reduce the lease rent further. (d). Furthermore, the lease rentals of Kandla Port Trust are subject to yearly escalation of 2% and revision after every 5 years' period whereas in case of land of State Government the rate of escalation is 10% after every three years besides not being subject to any revision. Hence, the impact of such a mandatory yearly escalation in lease rental and an estimated revision after every 5 years' period also has to be kept in mind while comparing rate proposed by KPT vis-à-vis rate of State Government. (e). Since by virtue of escalation clause the lease rental keeps on increasing @ 2% every year during the entire period of lease, there is no justification for having a Revision in lease rent at an interval of 5 years. It should be appreciated that such revisions upset the calculations made by the Industry and gives scope for uncertainty. SKSLHWA therefore request that no revision should be made at periodical intervals and the lease rentals should continue for the entire lease period with only yearly escalation clause. (f). Regard may also kindly be had to the lease rentals being charged by Central Govt. on various allotments made by them in various States for production of salt. This can also form one of the basis for arriving at justified lease rentals. SKSLHWA request that TAMP should ascertain these rates from Commissioner of Salt, Jaipur.	
(d).	In conclusion, SKSLHWA request that the Port's Agenda should be to ensure maximum utilization of its land resources and not letting them remain idle and unutilized which is presently the case with Kandla Port Trust. Needless to state that this can be ensured by TAMP fixing the lease rent at such reasonable levels that there is overwhelming response to the auction process initiated by the Port Trust. Just by ensuring maximization of participation in the Tender process, the Port would be maximizing its revenues by virtue of competition and free play of market forces in contrast to a tepid or no response in case of fixing a rate an unreasonably high level. In the final analysis when this is ensured,	No comments furnished by KPT

	the Port would stand to gain and earn higher revenues every year because of having higher traffic that would be routed through the Port besides getting a fair and reasonable value for its land.	
(e).	SKSLHWA, therefore, urge to fix the lease rent for salt land at a reasonable level after categorizing the land parcels based on the size and their respective locations. To this end it would be in fairness of the matter to suggest that the lease rent can be computed on the average rate worked out on the basis of following three factors which will be in line with the Land Policy Guidelines 2014 since these are the only three factors left for consideration which actually capture the realistic market value of the land, to arrive at the Lease Rentals : i) VALUATIONS submitted by the approved Valuer. ii) State Govt. of Gujarat's lease rents for salt lands. iii) Lease rentals being charged by Central Govt. in various states against land leased out for salt cultivation.	No comments furnished by KPT
(f).	Lastly, SKSLWA stated that the above submissions will certainly be considered favourably leading to maximization of participation in the Tender-cum-auction process ultimately ensuring maximum utilization of KPT Land and resultant increased revenue to it.	
3.	**M/s. Friends Salt Works & allied Industries (FSWAI)**	
(a).	KPT has been sent an important communication in the very matter from the Ministry of Shipping in the form of their letter DO. No. PD-13017/2/2014-PD.IV dated 8th July, 2015. The contents of the letter are quite important and it is surprising that KPT has not appreciated the anxieties expressed in the letter. It has rather found an easy way out by suggesting a rate on two factors which in fact should have not at all been considered as they are not relevant.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(b).	The Port Trust had sought the submission of Valuations for salt lands from their approved valuers M/s. Rakesh Narulla & Co. However, KPT despite having agreed to the contents of the Report and the valuations done by them, has consigned this report to dustbin while recommending the lease rent to TAMP. The Port Trust should have not only considered the valuation of salt land submitted by Valuers but should also have given due consideration to various aspects highlighted by the Valuers such as valuation done for different sizes of plot being different and also the separate valuation for each	The detailed Valuation Report was also provided to the Land Committee, being one of the factors for fixing of rate structure. The Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation. The proposal of uniform rate structure of salt land has been prepared as per the provisions of Land Policy Guidelines, which is having the recommendations of Land Committee and approval of TAMP.

	location. Hitherto the lease rent charged by KPT is same irrespective of the location and the size of the plot. It is also important to note that in the past there were three different categories of salt land depending on the size of the plot. In the last revision this was done away with, though not justified.	
(c).	The Port has proposed the rate merely on the basis of premiums quoted in the two auctions held in the years 2010 and 2012. It is not justified to arrive at the rate only on the basis of the auctions alone and keeping aside all other factors. At the same time, it should be kindly noted that the auction held in the year 2012 was not implemented and thus it is irrelevant and should have not been given a consideration by the Port as has been done. As regards auction held in the year 2010, it was only for two sizes of salt land (50 acres and 100 acres) and hence the applicability of these rates for arriving at lease rentals for land parcels of different sizes running into thousands of acres or small than these sizes is most inappropriate. The lease rent for smaller plots used to be much higher in comparison to plots of bigger sizes in the past also which is quite logical. Thus the consideration of premiums offered in the year 2010 auction also need to be discarded by KPT/TAMP.	The Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(d).	As mentioned above, the two factors which have been considered for recommending a rate are irrelevant and it is requested that the TAMP should exercise the discretion and the powers vested in the Authority to arrive at rates on its own. FSWAI request that the TAMP should consider following factors which would not only give a realistic lease rent but also ensure that the land of KPT is put to use to the maximum extent :	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto. The Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
	(i). The lease rents presently being charged by Various State Govts. like Gujarat, Tamil Nadu, Maharashtra, Rajasthan and others should be looked into. It needs no mention that the use of the land remains the same i.e. salt farming and hence there cannot be any vast difference between the two rates.	
	(ii). The valuations of salt land submitted by the Valuers should also form part of the calculations and due consideration to their observations relating to size of the plot and different locations should be given.	
	(iii). The land should be categorized on the basis of size of plots and 6 classifications contained in the Valuer's Reports may please be considered and introduced in the new Tariff Order.	

	(iv). Additionally, different lease rents based on the two factors submitted above should be fixed by TAMP for different locations which would be more logical instead of having same rate regardless of the location of the plot. It goes without saying that the valuation of plots at different locations widely differs because of various factors and giving no consideration to such important and vital facts would lead to fixation of an unrealistic rate. This may also lead to affecting the extent of participation in the Tender for different plots as the plots in a prime location would be attracting more offers rather than the ones which are not comparatively prime and may not attract any bids even. To ensure that all the plots are duly auctioned this would be quite helpful to the Port to have different rates based on location.	
(e).	Summing up, FSWAI earnestly request to look into various aspects of the matter as submitted above and finalize the Order through deliberations in the matter with all the stakeholders and fix lease rents at such a level that the vast difference in lease rent of KPT and State Govt. is bridged to a greater extent if not abolished altogether.	
4.	**M/s. The Kutch Salt & Allied Industries Ltd (KSAI)**	
(a).	It is a matter of satisfaction that at last there is some appreciation of the gravity of the matter pertaining to extremely high lease rents finalized by TAMP. KSAI state that the present proposal recommending lease rent for entire salt land @ ₹19946/- is still on a very high side and it will not be well received by the industry as it is already reeling under the impact of recession in the market and competition from Salt works established on State Govt. Land.	The proposal of rate structure of salt land has been prepared as per the provisions of Land Policy Guidelines, which is having recommendation of Land Committee and approval of TAMP.
(b).	KPT while sending its recommendations has done so in disregard of certain important factors that should have been kept by them in mind. These being :	
	(i). The Valuation obtained by KPT from the Valuers approved by them who have given a detailed report classifying the land not only on the basis of various sizes of salt land parcels but also giving due importance to the location.	The detailed Valuation Report was also provided to the Land Committee, being one of the factor for fixing of rate structure.
	(ii). The Lease rent being charged by State Govt. of Gujarat as also by certain other States should have been one of the primary factors while finalizing the recommendations, but unfortunately this has not been done. TAMP is well aware of the lease rent being charged by Govt. of Gujarat for the land allotted by them for salt farms.	The details of State Government Ready Reckoner has also been provided to the Land Committee, being one of the factor for fixing of rate structure.

(c).	KPT has recommended the rate arrived at on the basis of incorrect factors viz. prices quoted in two different auctions held long back in years 2010 and 2012. Last time also, it was pointed out by all the stakeholders that auction of 2012 should not be considered on various grounds. Now that this auction has not been implemented, there is no question of KPT considering the premiums quoted in this auction and arrive at lease rent on this basis. Moreover, the plots in both the auctions were only for 50 and 100 acres and as such the rate derived by these auctions cannot be applied to the present Proposal. Considering the prices obtained in the auction of 2010 is also not in line with the Land Policy Guidelines fully.	The factors mentioning the prices of two different auctions held in the year 2010 and 2012 have also been provided to the Land Committee, being one of the factors for fixing of rate structure. The auction of 2012 was considered by TAMP while fixing the rate structure from 05.07.2010 for five years.
(d).	At the same time, Ministry of Shipping by way of their letter dated 8/7/2015 have given certain guidelines to the KPT but sadly no regard to such important guidelines appears to have been given by KPT while sending its proposal for submission to TAMP. Had these guidelines been kept in mind and due regard would have been given to the Valuer's Report, KPT would have then recommended different rates for different size of land parcels and also recommended rates based on the location of different plots. This clearly indicates that they have recommended a rate based on incorrect factors.	The provisions of Land Policy Guidelines 2014 issued by the Ministry of Shipping, Government of India has been strictly followed while fixing the rate structure for salt land.
(e).	KASI therefore, request the Authority to consider reducing the rates substantially by working out the same on the basis of prevailing lease rent of State Govt. of Gujarat/Other States and Valuation Report obtained in the matter.	
(f).	The KPT should be interested more in the maximum utilization of Land lying with it rather than fixing the lease rent abnormally high which leads to the land remaining idle. The fact that participation in the Tender was almost NIL in the recent past is enough to highlight that the rates have to be considerably reduced which will in the long run be beneficial for KPT also because there would be more participation in the Tender process and because of this the KPT will be getting real price of its land and also garnering more revenues because of increase in traffic.	
5.	**M/s. Chirai Salt Works (CSW) and M/s. The Gandhidham Chamber of Commerce & Industry (GCCI)**	
(a).	It is significant that the Kandla Port Trust has now recommended the lower lease rental in comparison to earlier lease rental, which were approved by TAMP. This indicates that the Scale of rates earlier fixed/ approved were not logical and realistic.	The SoR for salt land now recommended is after due consideration of the prevailing Government Land Policy Guidelines and instructions in this regard.

	Even present rates structure is also unconvincing and far from ground reality.	
(b).	The auction held in year 2010 was a Sample Auction and was only for two sizes of land parcels viz. 50 acres and 100 acres. Moreover, considering these rates of an auction held in 2010 for fixing lease rental would not be in conformity with the LPG fully. The plots of 50-100 acres were offered for tender-cum-auction. It is not justifiable to apply same methodology for determining the rental of small sized plots - say 10 acres and also of large sized plots – say above 100 acres.	The proposal of uniform rate structure of salt land has been prepared as per the provisions of Land Policy Guidelines, which is having the recommendations of Land Committee and approval of Board.
(c).	The Scale of Rates is on extremely high side. Nowhere in the country such rates are prevalent / being offered / charged for land use for salt production only and for no other purpose. Even the Kandla Port Trust in their proposal have admitted that the Government of Gujarat charges a lease rental of ₹344-/ per acre per annum as against the imaginary and alarming high lease rental of ₹19,946/- as suggested by Kandla Port Trust.	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto.
(d).	The valuation report by M/s Rakesh Narulla & Company can be considered as base, as size of the plot is not taken into consideration while arriving at the rate. The lease rental for smaller size of the plot will obviously on higher side and the same will stand reduced with the growth of the size.	The detailed Valuation Report was also provided to the Land Committee, being one of the factors for fixing of rate structure. As KPT is already having the rates received during the e-auction process for various salt lands carried out during the year 2010 and 2012, hence, considering any other lower rate at this stage does not arise.
(e).	The land being offered for salt production is owned by Government of India and is managed by Kandla Port Trust. In the nearest vicinity, the land is owned by Government of Gujarat (State) and is managed through Revenue Department. There cannot be such a vast difference between two parcels of land in the same district. Incidentally, it is worth mentioning here that there were no bidders, when the rates of ₹23,250/- per acre per annum approved by TAMP was quoted by Port Administration.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(f).	The salt manufacturers may be ready to accept SoR parallel to other states in the country, as in the present rates structure many lacunae exist. The rate parallel to All India level should be fixed, which should be equivalent to all other salt manufacturing state like Tamil Nadu, Orissa, Rajasthan, Gujarat & Maharashtra.	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto. KPT has decided to continue the uniform rate structure for salt lands.
(g).	Location and size of the actual plot need to be taken into consideration so as to arrive at realistic market value.	The proposal of uniform rate structure of salt land is having the recommendations of Land Committee and approval of Board.
(h).	The present recessionary scenario prevailing world wide, the exorbitant rate structure cannot be afforded by salt	KPT cannot arbitrarily consider the lowest factor rate, as same will only lead to objection regarding loss of revenue to the Port.

	producers. The rates at par with State Government only will survive the industry.	
(i).	While issuing guidance in response to held to land allotment committee / Board of Trustees for KPT, the Ministry of Shipping has rightly observed that While choosing the market value as per para 18 of the Land Policy Guidelines, 2014, due care is taken to choose the relevant factor which captures the realistic market value of the land. Mechanical and inappropriate application of the Land Policy Guidelines may lead to inflated and unrealistic market value which results in poor response to tender cum auctions and subsequently loss of business to the Port. The KPT has already lost substantial revenue subsequent to acquiring the land for salt production from lease holders and it is time, no further addition of loss is made.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(j).	It would be worth computing the lease rental taking into consideration average rate worked out on the basis of following three factors, which are in accordance with the provisions of Land Policy Guidelines, 2014 and thus to arrive at realistic market value of the land. (a) Valuation as submitted by the approved valuer. (b) The lease rentals as fixed by Government of Gujarat for salt lands. (c) Lease rentals being charged by Central Government in various states in respect of the land leased out for production of salt.	The Land Committee after considering rates as per various factors provided in Land Policy Guidelines, 2014 and instructions in this regard has recommended the revised rate for Salt land.
(k).	CSW further stated that TAMP will exercise discretion judiciously and not mechanically in large public interest. Allotment of land should not be for a profit making object, but should be conducive for overall economic growth of the region as also providing employment to the sons of soil.	
6.	**M/s. Shree Jyoti Salt Industries (SJSI)**	
(a).	The auction rates on the average of which KPT have prepared their proposal are no more valid factors which should decide the fate of Salt Industry. The Auction of 2012 was not acted upon and no allotments were made under this. Coming to the auction held in the year 2010, SJSI may state that this was merely a Sample Auction and hence the parcels of Land put to auction were only of two sizes i.e. 50 acres and 100 acres. In the light of guidelines sent by Ministry as contained in the letter bearing DO.No. PD-13017/2/2014-PD.IV dated 8/7/2015, it would not be in line with the Land Policy Guidelines to consider the rates of this auction and hence these also become irrelevant.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.

(b).	Apart from the fact that lease rent recommended has been based on incorrect factors, KPT has ignored other factors in the process which would have rightly been the ones that should have been taken into consideration for arriving at a rate. Most important among these factors would have been the undernoted two factors : (i) The valuation of salt land done by M/s. Rakesh Narula & Co. who are approved valuers and have vast experience in the field. To do a justification to the exercise assigned to them, they have done their bit and submitted an exhaustive Report to KPT. It is worth noting to read the following lines from page 30 of the Valuation Report reading as "We have provided a draft copy of this report to KPT management, who have confirmed to the best of their knowledge and belief that the factual information contained within this document is correct and that there are no material omissions. They have additionally confirmed to us that the figures provided to us are correct and that, in their opinion, our report reasonably represents the market scenario." It comes as a surprise that no regard whatsoever was given to such an exhaustive valuation report obtained by themselves and after confirming the correctness thereof. (ii). Despite being in the know of lease rent that are charged by the State Govt. for the land in the same area where the KPT land is located and which is used for similar purpose, no effort has been made to bridge the wide hiatus between the two rates. It may be mentioned that the rate recommended by KPT to TAMP is more than 50 times the lease rent of Gujarat State Govt. TAMP would be in its right to ask the KPT the reasons for such a wide difference and also why it should be allowed to continue.	The detailed Valuation Report was also provided to the Land Committee, being one of the factors for fixing of rate structure. As KPT is already having the rates received during the e-auction process for various salt lands carried out during the year 2010 and 2012, hence, considering any other lower rate at this stage does not arise. The rate is arrived considering the Land Policy Guidelines, 2014 which is applicable to area under possession of Kandla Port Trust.
(c).	The proposal itself admits the failure of KPT to successfully auction its land despite several attempts in this direction thus highlighting the very reasons that are leading to this situation. Then why has KPT not taken any concrete measures to ensure that the public gives a thumbs up to its efforts for auctioning of land. Thus there is a strong case for substantial reduction in the lease rent that has been recommended by KPT to TAMP.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(d).	The Ministry's letter dated 8th July, 2015 has made quite a few important observations and thus directions were given	

	to KPT to recommend a proposal which is based on a factor that captures realistic market value and also to avoid inflated and unreasonable lease rent leading to poor response to the Tender process. In addition there are certain important points such as similarity of the size of the land parcels etc., which were to be guiding factors for KPT while forwarding its proposal to TAMP. But, going by the proposal forwarded to TAMP, one would be surprised to note that the Ministry's guidelines have also not got the desired consideration in the said proposal.	
(e).	SJSI, therefore, earnestly appeals to the TAMP to consider their submissions in the matter and not to be carried away merely by the recommendations of KPT who have failed to appreciate the various issues involved in the matter. An independent judgment, as is expected of the Authority, would go a long way in not only ensuring auction of all land parcels at a reasonable lease rent but would also see that Gujarat retains its pride of place when it comes to production and export of Salt from the Country.	
7.	**M/s. New Kandla Salt & Chemical Co Pvt Ltd (NKSC)**	
(a).	It is requested that the various objections raised by several leaseholders/Salt Leaseholder Welfare Association and others at the time of last revision may kindly be once again looked into as most of the objections voiced at that time are still valid and it would not be worth repeating considering the paucity of time.	(i). The rate is arrived considering the Land Policy Guidelines, 2014 which is applicable to area under possession of Kandla Port Trust. (ii). Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation. (iii). The detailed Valuation Report was also provided to the Land Committee, being one of the factor for fixing of rate structure. As KPT is already having the rates received during the e-auction process for various salt lands carried out during the year 2010 and 2012, hence, considering any other lower rate at this stage does not arise. (iv) The Land Policy Guidelines, 2014 already provides for the methodology to be followed for fixing of SoR which has duly been considered by KPT while recommending the SoR rate of salt land.
(b).	However, in the interest of the Industry, NKSC furnished the comments in brief as under: The proposed lease rent as recommended by KPT is still extremely high considering the challenges being faced by the Salt Industry. In the last revision exercise, TAMP had fixed the rate at an abnormally high level though with a rider that the rate fixed by TAMP is not the minimum one and the Port has the discretion to consider a lower rate than approved by TAMP. However, the Port authorities to be on the safer side did not exercise the discretion vested with them and thus the Industry has suffered a lot in the last few years.	
(c)	TAMP should keep in view the following important parameters while arriving at an appropriate lease rent for salt lands :	
	(i). The lease rent presently that is charged by Gujarat State Govt. against allotments made by the Govt. for salt farms is ₹344/-per acre p.a. when compared to the proposed lease rent i.e. ₹19946/-. Despite being lower than the last approved rate by TAMP, it is still	

	manifold in comparison to the rate of State Govt. An honest answer to the question what justifies charging of two different lease rents for the land used for the same purpose would itself be enough for the TAMP to consider our request for bringing down the rate drastically and bring an end to this anomalous situation. It can also be compared to the lease rent at which the other State Governments have made the allotments of such lands.	
	(ii). The contents of the letter from Ministry of Shipping are also quite encouraging as an attempt has been made by top authorities in the Ministry to realize the need for giving a fair treatment to the matter and not to fix the lease rent which does not capture the realistic market value based on which the lease rent has to be fixed. Accordingly, the TAMP is requested to instruct the KPT authorities to submit the reasons for not considering such important instructions mentioned in the letter enclosed with the proposal itself.	
	(iii).Port Trust has also not given any consideration to the Valuations made by their Approved Valuers Rakesh Narula & Co. and their other important points of the Report. NKSC draws reference to page 38 of the Report wherefrom it would be found that the Valuation for land has been made separately for each location. Apart from the location, the valuation for the land in each area has been made distinct depending on the size of the Land. This is quite important and emphasizes the need to work out different lease rent based on the following two factors : (a) Location of the Land and (b). Area of Plot.	
(d).	The Lease rent of State Govt. of Gujarat is subject to escalation of 10% at an interval of 3 years and no revision clause has been made applicable by State Govt. As against this, the lease rent of KPT is subject to yearly increase of 2%. Other than this yearly increase, the lease rent of KPT is likely to be revised after every 5 years. In our opinion, while yearly stipulated increase of 2% may be justified but in no circumstances, the revision in lease rent after every 5 years can be justified. The Industry which involves sizeable investments of leaseholders should not be subjected to any such uncertainty like revision at a periodical interval. The Leaseholders make the investment keeping in view the lease period of 30 years and thus	

	they have to be assured that there would not be any such change in lease rent that may affect the prospects of Industry. NKSC have already seen the result of revision exercise in the past and hence it is requested that the Ministry/TAMP should consider abolishing the revision clause for the entire lease period which will impart certainty to the Industrialists and they can run the industry without being subjected to any such change that makes or mars the industry itself.	
(e).	Lastly, NKSC urges on the Authorities to fix lease rents at a realistic level which are in the larger interest of the Industry and the Port as well. By fixing lease rent at a normal level, the Port will ultimately stand to gain as the market forces will play their role freely and the Port will see increased participation in the Auction. When there is greater participation in the auction, the rates automatically come to achieve their normal levels and the industry and business thrives in such atmosphere.	
8.	**M/s. Shree Kandla Salt Industries Pvt Ltd (SKSI)**	
(a).	Determination of lease rent for salt land, should not fall under the jurisdiction of TAMP as was pointed out by various stakeholders during the last exercise that took place. This is because, the TAMP is mandated to decide lease rental and SOR for the land within the custom-bond area whereas the Salt Land falls beyond this area.	As per the Land Policy Guidelines, 2014 the KPT has to follow the procedure of fixing of rate structure of land strictly and accordingly, the rates are approved by the TAMP after following the due procedure.
(b).	As per MPT Act, the TAMP is authorized to decide rates for land as long as it is used for Port related Activity. However, the manufacturing of salt on land is not a Port related activity because such activity is carried out even on the land which is not connected to the Port in any way. In many states where the salt manufacturing activity is being carried out, there is no Port in the vicinity and TAMP does not concerns itself with the determination of lease rent for such plots. Then why in case of Kandla Port, the activity of salt manufacturing is subject to TAMP authority merely because it is carried out on the Port's Land and hence unfairly treated as Port Activity. Just because the sea water is utilized for manufacturing of salt, the same should not be treated as Port Related Activity. It also needs a mention that sizeable land of State Govt. utilized for salt manufacturing is either surrounded by the land owned by Kandla Port Trust or is in its vicinity and that the Govt. of Gujarat has also Gujarat Maritime Board, then why this land despite being in the midst of KPT Land is not subjected to any regulation of fixing of lease rent as is being done in the case of KPT Land.	

	Hence the very basis for treating KPT Salt Land as Land used for Port Activity is not appropriate and justifiable. SKSI trust on the jurisdiction of the TAMP will be considered favourably which was unfortunately not done last time in the year 2011/12.	
(c).	However, if at all TAMP is not convinced with our submissions and it is decided to continue treating salt manufacturing as Port related activity, SKSI still wishes the TAMP to consider the following views in the matter of fixation of lease rent for salt lands : (i). The lease rent fixed by TAMP in the year 2012 was too high for the salt units to survive. In contrast, the State Govt. Land in the same area is being charged lease rent at a fraction of the Lease rent fixed by KPT. There would be no justification for such a differential treatment to salt units on KPT Land vis-à-vis units installed on State Govt. Land. TAMP should therefore consider fixation of lease rent keeping this level of rent in mind and not to disregard this factual position.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation. All the observations/instructions of Ministry of Shipping has been brought out in the proposal.
	(ii).The Port Trust has erred while preparing its Proposal since they have worked out the rate in isolation and disregarded the important parameters that should have weighed in their mind while preparing the Proposal. Without attaching importance to following factors they have just gone ahead and worked out an average of the premiums quoted in the two different auctions that took place in the year 2010 and 2012. Importantly, the auction of 2012 is the one that never saw the light of the day and no allotments were made on the rates quoted in this auction. Then how can the premiums offered by the bidders in this auction can form the basis of fixation of rate by KPT to recommend a lease rent based on that.	
	(iii).As regards auctions that took place in the year 2010, these did materialize but the fact that these were done only for two sizes of land parcels i.e. 50 acres and 100 acres has been given a go bye and the rates proposed are being made applicable to all size of salt farm lands. Thus the premiums ascertained in this auction are also no more relevant. This has also been pointed out, though indirectly in para 4.3, by the Ministry of Shipping in their letter dated 8thJuly, 2015.	The detailed Valuation Report was also provided to the Land Committee, being one of the factors for fixing of rate structure. The proposal of uniform rate structure of salt land has been prepared as per the provisions of Land Policy Guidelines, which is having the recommendations of Land Committee and approval of Board.
	(iv).While KPT obtained a Report from the Valuers, while formulating its proposal for consideration of TAMP, KPT has not attached any importance to the Report	

	that it deserved and has been mentioned for the sake of mentioning alone.	
	(v).The report submitted by Valuers is found to have been prepared after a diligent exercise and even the Port Trust had concurred with the submission as mentioned by the Valuers in their report itself on page 30 of the Report. A study of the Report brings out certain very important aspects of the Valuation exercise namely (a) Valuation for land being different for each location (b) Classification of Salt farm Land on the basis of sizes and thus 6 classifications have been mentioned in the Report. The valuation also has been done on the basis of this classification and it is revealed that a logical recommendation has been made in the Report that results in the lease rent being lower for a bigger size of plot and vice versa. TAMP is hence requested to give due importance to the Report of the Valuers and not just go by the recommendations sent by KPT	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation. All the observations/instructions of Ministry of Shipping has been brought out in the proposal.
	(vi).It should be borne in mind that Salt farming activity is an industry which produces an item which is extremely low priced even as of now in spite of it being an indispensible item meant for daily consumptions of all. This fact calls for giving a preferential treatment to the activity rather than burdening the same with such a high lease rent as has been prevalent for last few years. Precisely because of this the lease rent for salt land in states other than the State of Gujarat are also quite low and the TAMP may verify the position in this regard to find out the wide diversity in the rates.	
	(vii).From the Ministry letter dated 8th July, 2015 it is quite evident that the Ministry is also very much concerned and aware of the facts about the Valuation of Salt Lands and has thus expressed its views openly that it is important that while choosing the market value as per para 18 of the Land Policy Guidelines, 2014, due care is taken to choose the relevant factor which captures the realistic market value of the land. Mechanical and inappropriate application of the Land Policy Guidelines may lead to inflated and unrealistic market value which results in poor response to tender	No comments furnished by KPT

	cum auctions and subsequently loss of business to the Port. Hence, it is not mandatory that the Land Allotment Committee has to necessarily take the highest of the 5 factors given in the Land Policy Guidelines and can choose another factor with proper justification. Unfortunately, these observations and guidelines conveyed by the Ministry of Shipping have not found favour with KPT which has prepared its proposal in a mechanical manner and recommended the rates based on two factors which are not valid. This was perhaps found to be the simplest manner in which the matter could be submitted to the TAMP.	
	(viii).It is worth reading contents of para 6 of the Ministry's letter which led the Ministry to advise the Port Trust "to sensitize its officers and ensure that proper proposals in line with the letter and spirit of the Land Policy Guidelines are sent by the Ports to TAMP." As mentioned above, no such attempt on the part of KPT is found to have been made and thus there is no question of the Port Trust having ensured submission of proposal in line with the letter and spirit of the LPG.	
(d).	SKSL request the TAMP to consider these submissions and arrive at a just and reasonable lease rent for salt land parcels of different size besides having a lease rent structure based on the location of the land parcels. It will ultimately benefit not only the leaseholders but also to the Lessors and the Nation as well who is presently being deprived of production of salt on a huge land area besides putting the KPT to loss of revenue of crores of rupees because of non-utilization of land ever since its has been repossessed by the Port Trust in the year 2012.	No comments furnished by KPT
9.	**Doongursee Salt Works Pvt Ltd**	
(a).	It is being noted that KPT has now recommended the lower rate of Lease rent of ₹19,946/- per Acre per Annum for Salt Land against the earlier rates of ₹23,250/- per Acre per annum which shows that the Scale of Rates earlier fixed/approved are not realistic. Although the present Rate of Scale are also not convincing and are far from the realistic.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, accordingly the Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(b).	Auction held for Salt land in the year 2010 merely for 2 size of land parcels i.e. for 50 Acres and 100 Acres as Sample Action. These bids were considered by KPT for fixing of Rate of Scale of Rates for Salt Land	

	which cannot be justified at all. It is not justifiable to apply same methodology for determining the rental of small sized plots i.e. for 10 acres and also of large sized plots – say above 100 acres.	
(c).	The present Rate of Scale of Rates of ₹19,946/- per acre per annum is also on extremely higher side specially for the purpose of Salt production KPT authorities have also themselves admitted that the Government of Gujarat charge a lease rental of ₹344-/ per acre per annum as against the imaginary and alarming high premium rate of ₹19,946/- as suggested by Kandla Port Trust.	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto.
(d).	The Salt land offered by KPT to existing and new leases are owned by Government of India which is managed by Kandla Port Trust. Other surrounding land is owned by Government of Gujarat which is managed through Revenue Department of State Government. There is vast difference in Scale of Rates for Salt land owned by KPT and Statement Government. Due to the fact there is no bidders, when the rates of ₹23,250/- per acre per annum approved by TAMP was quoted by Port Administration.	
(e).	Now KPT have finalized the rate of ₹19,946/- as against the earlier rate of ₹23,250/- where KPT has not showed on what basis these new rate of ₹19,946/- arrived. Even the present Scale of Rates of ₹19,946/- per acre per annum is about 60 times more that the rates charged by Statement Government for surrounding Salt land.	
(f).	There should not be vast difference in scale of Rates for KPT and State Government for Salt land. The Scale of Rate for Salt Land should be equivalent to all other salt manufacturing state like Tamil Nadu, Orissa, Rajasthan, Gujarat & Maharashtra so that Salt Manufactures of Kandla Region complete with others.	
(g).	The Higher ground rent will result in increase in cost of low valued commodity like salt and will be costlier for all segment of the society. The Kandla Port Trust is already loosing substantial revenue subsequent to acquiring the land for salt production from lease holders and it is time, no further addition of loss is made.	No comments furnished by KPT
(h).	Proper action may be taken for finalizing SOR of Salt land not mechanically but in large public interest. You will appreciate that Allotment of land should not be for a profit making object, but should be conducive for overall economic growth of the region as also providing employment to the sons of soil.	The Land Committee after considering rates as per various factors provided in Land Policy Guidelines, 2014 and instructions in this regard has recommended the revision of rate for Salt land.

10.	**Jayesh A. Pandya, Vimla A Pandya, Ashish Shashikant Joshi, Dilipsinh Narsangji Jadeja, Indermal Rikhabchand Jain, Jaisukhlal D. Puj, Jasumatiben Jayantilal, Kirti Chandulal Thakker, Mahavir Chhaganlal Jain, Mukesh Mangalji Joshi, Neetaben Devang Maheta & Malti Shashikant Joshi, Neelkanth Enterprise, Satya Salt Works, Smt. Sonbai WDo Virji Khimji, Vijaykumar Damji Palan, Yogesh Pranlal Meghani**	
(a).	As per MPT Act, TAMP's duty is bound to fix tariff for traffic related services for major ports & not for the land related rates. The tariff for the lands are being fixed by the major port trusts such as Mumbai Port by engaging expert companies like Tata Consultancy etc. Thus it is not known under what authority TAMP is exercising powers in fixation of salt land related rates.	The Kandla Port Trust has to follow the provisions of Land Policy Guidelines and the procedure is that the rate structure shall have recommendation of Land Allotment Committee, approval of the Board and sending the proposal to TAMP as per the Major Port Trusts Act, 1963.
(b).	Apart from this the above users / user association have reiterated the comments furnished by GCCI hence they are not reiterated for sake of brevity.	KPT has already furnished its comments on the comments of GCCI which is brought out earlier.
(c).	Jayesh A. Pandya has further stated that TAMP may exercise discretion judiciously and not mechanically in large public interest. Allotment of land should not be for a profit making object, but should be conducive for overall economic growth of the region as also providing employment to the sons of soil. If no justification is given by TAMP in this matter, we fear that another "NAMAK SATYAGRAH" will take place after 69 years of the Independence.	All the factors are considered as per the provisions of Land Policy Guidelines.
11.	**Shree Bhuvneswari Salt Works**	
	The comments of this user is in Hindi which has been internally translated in English version for ease of understanding and are reproduced below:	
(i).	KPT published the rate in first tender in the year 2015, which was failed.	The final rate as approved by the TAMP will be applicable for tender pertaining to 26 nos. salt lands.
(ii).	Again after revising the rate ₹19946.00 + Service tax + 2% increase every year for five years. The last date of this tender was 15.01.2016. It was also failed. KPT has revised the tender date again 15.02.2016.	The action for allotment of various salt land through E-tender cum e-auction has already been initiated by KPT in a phased manner.
(iii).	KPT had given approximately 16-17 Thousand Acres of land for salt production rent and lease basis. KPT had stopped to give land on rent and lease basis for many years for salt production. KPT had not given any new land for salt production.	The comparison with the rate structure of State Government cannot be considered by KPT as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto. The Land Committee after considering rates as per various factors as per provisions of Land Policy Guidelines,2014 had finally recommended a lower rate for revision of rates applicable from the year 2015, by
(iv).	Gujarat Government has approximately 5 lakhs Acres of land for salt production in whole Gujarat States. The land of KPT which is adjacent to the Gujarat	

	Government's land, is also given for salt production.	taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(v).	The rent of Gujarat Government's land is ₹ 3441.00 per acre per annum. This rate is in a public domain. It is not necessary for me to write quotation rate. The land for which ₹344.00 per acre per annum rent is levied, is producing salt only.	
(vi).	In light of Gujarat Government's land's rent, ₹344 per acre, KPT is asking rent + service tax both adding to ₹23,000/- per acre. This land will be used for producing the salt nothing else.	
(vii).	The cost of production of salt ₹23,000/- per acre per annum rental land will be higher than the cost of production of salt ₹ 344/- per acre per annum rental land. Nobody will buy salt on higher price.	
(viii).	KPT is wasting the time by publishing this rate in tender. Gujarat Government is giving the land at the rate of ₹344/- per acre per annum today also. Yes, the land may be far from the vicinity. The land nearer to the vicinity is also given for rent for production of salt. The transportation cost for land is 25% higher than the near land. Today also left over land is given on rent basis in whole of Gujarat State.	
(ix).	KPT had published tender for 10 plots. That time it seemed that KPT would not give land for production of salt. The land, around the 10 plots which were given for rent by KPT, was developed by us. KPT got developed land by virtuousness. Quagmire land was allotted to us. Poisonous animals and insects were in the quagmire land. Land was not developed in a day. The developed land which is seen today, was developed slowly. It is the result of our fifty years hard work. We had developed the electric infrastructure from road to factories with our own expenditure. We had developed the road upto the factories. We had developed the drinking water pipelines upto the factories. We had constructed the labours quarters and labour sector for the labours. In the rainy season, many times the road was broken. We repaired the road. KPT did not help us by paying a single rupee for these facilities. These all facilities were carried out by our own expenditure. KPT never turned-up for help.	The Land Policy Guidelines, 2014 provides for fixation of SoR based on recommendation of the Land Committee. The LAC after considering rates as per various factors had finally recommended a lower rate for revision of rates applicable from the year 2015, by taking the average of relevant rates obtained during auction process of 2010 & 2012 with due provision of 2% for annual escalation.
(x).	It is the result of our hard work. Today the whole land was developed. KPT has got full-fledged developed land where KPT has given tender for 10 plots. KPT has got, overhead electric lines, full-fledged well-developed remaining road and drinking water pipe lines nearby. KPT evicted us because KPT receives huge premium from	

	new party. It does not hurt us? KPT gets rent ₹1,000 – ₹2,000 per acre as against the rent ₹ 344.00 per acre by Gujarat Govt. After taking the premium, KPT should increase little amount as a premium from old lease and land should be given to the old lease.	
(xi).	Our Honorable Prime Ministry is having a dream that our work or project should be under the PPP model. This is our thinking also. The rent of KPT's land should be fixed on the basis of production per Acre land. For example Gujarat Government has fixed the rent on 20 ton per Acre. Gujarat Government collects cess and royalty on minimum 20 acre land. Similarly, KPT should fix the rent on Ton basis so that old lease holders can get back their land. And due to this KPT can also get royalty. Land is not kept empty. Old lease holders should not be jobless.	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in toto. The Land Committee after considering rates as per various factors provided in Land Policy Guidelines, 2014 and instructions in this regard has recommended the revision of rate for Salt land.
(xii).	10 Acre to 100 Acre KPT should fix 40 tons production per Acre land, from 101 Acre to 1000 acre 50 tons production per acre land, from 1001 acre land to 2000 acre land 60 tones and 2000 and above 65 tons production per acre land. As per the above slab, KPT should fix rent at ₹50/- per tone. It will benefit the KPT also. The workers, labour and lease holder who had developed the KPT land during the last fifty years, can get job. KPT can charge the rent according to the above slab.	
(xiii).	The rent of Tech farm was ₹ 120 per meter. Today the rent of Tech farm is ₹ 1050 per meter. It means that after increasing the rent by 8-9% the same Tech farm is given to the old leasees. Similarly, the rent of this salt land should be fixed following the lease rent of Gujarat Government's salt land. Then it will be possible that old leasees will not be jobless.	
12.	**Urvakunj Nicotine Industries**	
(a).	The SOR takes shelter of Gazette Notification No. 118 Dated 4 May 2012 wherein the lease rental of salt lands of KPT have been revised and fixed at ₹ 23250/- per acre per Annum with 2% escalation per Annum as applicable for a period of 5 years with effect from 5 July 2010 to 4 July 2015.	No comments as it is a matter of records.
(b).	Ironically the KPT has not kept in mind the fact that the rate proposed by TAMP is subject matter of challenge before the Hon'ble Supreme Court and such petition is pending adjudication. In view of such pendency, the said recommendation cannot form any basis for fixing the annual lease rental either on higher side or on immediate lower side. The earlier lease rentals were fixed at much lower rate. It is submitted that the proposed revision is almost 11,700% of	The case bearing SLP(C)No. 1803 of 2014 filed in the Hon'ble Supreme Court of India by Shri Kandla Salt Lease Holder Welfare Association has since been disposed of in favour of KPT, vide order dated 08.01.2015.

	the last lease rental paid by us. Nowhere, in any commercial transaction there is such a whopping rise.	
(c).	It is pertinent to note that Govt. of Gujarat, as per the submission of KPT, charges a lease of ₹ 344/- per Acre per Annum as against astronomically high premium of ₹ 19,946/- per Acre per Annum as suggested by KPT.	Clause No 13 of Land Policy Guidelines 2014 for fixing of SOR provides the factors mentioned in the representation, which were considered by the Land Committee and accordingly the recommendations were made. The recommendation for the rate of ₹19,946.00 per acre per annum w.e.f. 05.07.2015 has been made.
(d).	The highest rate of relevant transaction has been assimilated by the KPT. However, KPT has not projected the said figure in the sense they have been received. The figure pertains to a period of 30 years and not for 1 year. Accordingly such figures have to be brought down to annual rentals and thereafter the average of all the bidders has to be considered working out annualized figure. On considering the aforesaid aspect the annual average lease rental comes to ₹ 7,536.60/- per Acre per Annum. The land policy provides for determination of market value of land and it suggest annual lease rental to be not less than 6% of latest market value. Therefore the minimum lease rental would come to ₹ 452.20/- per Acre per Annum as against ₹ 344/- per Acre per Annum being charged by the State Govt.	
(e).	The valuation report carried out by M/s. Rakesh Narulla & Company cannot be taken as any yard stick. It is pertinent to mention that the valuation of land drastically reduces with the vastness of size. The lease rental for small plot would be on higher side and it will substantially reduce with the growth of size. In our case the plot size is 275 Acres. The value of such plot is in the range of 60 to 70% of the normal price because it involves huge capital outlay and associated costs with it. Therefore, the valuation taken at 90% is faulty. Not only this, the slabs provided by the learned valuer also are not uniform. Thus, what is true for 100 Acres may not be true for 300 Acres. Thus, the said valuation still needs to be reduced further. It is to be noted that at such high rates no bids are being received and therefore such valuation report cannot be said to reflect the true and correct fair market value.	
(f).	Apart from the aforesaid factors it is to be noted that the land allotted by KPT belongs to Central Govt. and adjacent to it is the land of State Govt. which is being leased out at ₹344/- per Acre per Annum. Thus, there cannot be much of difference in the annual lease rental of two (2) lands. The lands are identical in all respect and are being used for the same purpose of manufacturing salt. In case the rate of ₹19,946/- or any other abnormally high rate as compared to the rate of ₹344/- per Acre per Annum being	The comparison with the rate structure of State Government cannot be considered by the KPT as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be valued in toto.

	charged by the State Govt. is finalized or approved, the same would have drastic effect on the revenue of KPT because the salt manufacturers will not be in a position to remain competitive and therefore may all together drop the business from this land and move to other favorable places. Already no response was received from the bidders in response to high rates of ₹23,250/- per Acre per Annum. Such high rates have not only created a revenue loss for KPT but also are generating revenue loss for Central Govt. apart from creating unemployment.	
(g).	The KPT has not taken into consideration this and other important aspects that have been highlighted above.	
(h).	KPT has suggested a figure of ₹19,946/- per Acre per Annum. Nowhere in the proposal it has reflected as to how such figure is arrived at. KPT is a State within a meaning of Article 12 of Constitution of India and has been held so in number of Judgments rendered by Hon'ble Supreme Court of India. Once, KPT is held to be a State, it cannot be actuated by any profit making motives and is required to deal, fairly, reasonably and in public interest, the interest of Nation being foremost. By asking for abnormally high rates KPT is defeating all the purposes which have been protected by the Constitution. Such high rates are not sustainable in eyes of law and a statutory body cannot give approval to such high rates.	It is to again mention that the rate has been fixed as per the provisions of Land Policy Guidelines.
(i).	It is further submitted that the rate of ₹19,946/- per Acre per Annum is highly exaggerated and without any basis whatsoever. Such high rates do not take into consideration the factors prescribed by the authority and more particularly the lease rental prescribed by the State Govt.	
(j).	It will not be out of place to mention that a discount factor of 8 % has been considered for arriving at the value by the authority. Such discounting was made applicable on the upfront premium bid received for a plot of 50 and 100 Acres which fall in an altogether different category because of sheer size. Such price could not have been applied for arriving at the value of each and every land parcel irrespective of size. Thus, the aforesaid matter of determining lease rental for a large plot is faulty. Realistic levels are required to be taken into consideration.	
(k).	In fact KPT itself realized the aforesaid situation. The same is reflected on letter number PD-13017/2/2014-PD.IV Dated: 08.07.2015.	After considering all the factors as well as the market conditions, the Committee has recommended the rates of ₹ 19,946.00 per acre per annum by giving justification which has been mentioned in the minutes of the Land Committee as well as in the Agenda Item of the Board.

(l).	Urvakunj Nicotine Industries request the Authority to fix lease rent which is at par or nearer to the price and the terms fixed and offered by State Govt. which would lead to effective utilization of the land in terms of providing employment to laborers, generating revenue for both KPT as well as Central Govt. and would revive trade once again.	No comments furnished by KPT
(m).	In case high rates as proposed by KPT are approved the same would create chaos because the salt which is used by common man would have its manufacturing cost abnormally higher and out of reach even of a well-heeled person.	
(n).	Urvakunj Nicotine Industries believe that the Authority shall exercise the jurisdiction and discretion vested in it judiciously and not mechanically in larger public interest more particularly of the labourers as well be conducive for overall economic growth of the country.	
(o).	Urvakunj Nicotine Industries request the Authority to provide an opportunity of hearing before taking any particular decision so as to enable to explain point of view in the above matter in interest of natural justice.	No comments furnished by KPT
(p).	KPT is a state within definition of Article 12 of Constitution of India and it has not acted fairly and reasonable while determining and proposing the lease rental. While fixing such exorbitantly high lease rental, KPT has ignored that due to such high lease rental the entire salt industry operation on the land of KPT will die prematurely with the result thousands of labourers would lose their livelihood and they along with their members of family would be destitute for no fault of theirs.	No comments furnished by KPT
(q).	Further, KPT was required to consult and users before proposing said proposal for which the KPT has miserably failed to do so. The proposal forwarded by KPT does not considers this aspect and is unilateral, irrational, arbitrary and unconstitutional decision taken in contravention of the policies of Central Government and the law laid down by the Hon'ble Courts from time to time.	No comments furnished by KPT
(r).	Please grant a personal and/or joint hearing or at least provide an opportunity wherein Urvakunj Nicotine Industries are consulted before taking any final decision in the matter in the interest of natural justice as well as in the larger public interest so that the salt industry does not die a premature death, due to illegal, arbitrary, and unconstitutional act of KPT resulting in thousands of person losing their daily bread.	No comments furnished by KPT

2. A joint hearing on this case in reference was held on 17 February 2016 at KPT premises. The KPT made a power point presentation of its proposal. At the joint hearing, the KPT, the concerned users/ user organisations bodies/ prospective bidders have made the following submissions at the joint hearing:

Kandla Port Trust

(i). There are 10 lessees and the total area allotted is 750 acres.

(ii). Total vacant area including possession of 16157 acres taken back by KPT (as per Court orders) is 20341.54 acres (approx.)

(iii). No response was received for Tenders invited for allotment of 26 Nos of salt lands with a reserve price of ₹25,167/- per acre per annum invited during the year 2015.

(iv). The Land Allotment Committee (LAC) recommended ₹19,946/- per acre per annum following the clause 13 (c)(e) of Land Policy Guidelines, 2014 i.e., under any other relevant factors as may be identified by the Portwith 2% annual escalation and revision for every 5 years.

(v). The Board of Trustees has resolved to approve the lease rentals at ₹19,946/- per acre per annum and market value at ₹3,32,433/- per acre with 2% annual escalation as recommended by the LAC.

(vi). The TAMP is requested to approve the revision of market value and lease rentals of salt land of KPT as ₹3,32,433/- per acre and ₹19,946/- per acre per annum respectively w.e.f., 05/07/2015

The Gandhidham Chamber of Commerce & Industry

(i). The lease rentals as per Gujarat State Government is ₹344/- per acre per annum and the lease rentals proposed by the KPT is ₹19,946/- per acre per annum. There is no difference between the salt produced in the lands of Gujarat Government and at the land of KPT. Why there is vast difference in the rentals.

(ii). How the proposed lease rental was worked out at ₹19946/- per acre per annum and these lease rentals are extremely high. There is no such high rate in any other Major Ports.

(iii). TAMP can compare the lease rentals with the lease rentals for adjacent land.

(iv). With the proposed lease rentals, the ground rent itself is coming to ₹333/- per tonne in the cost of production of salt. We cannot compete with the allottees of Gujarat Government land.

(v). Taking the average of the quotations received for the year 2010 and 2012 and arriving at the market value and proposed lease rental is not correct as there was no allotments of land made based on the rates.

(vi). While approving the lease rentals, the TAMP is requested to compare with the lease rentals applicable in the adjacent areas. TAMP can decrease the lease rentals and not only increase.

Chirai Salt Works

(i). Location, Distance and proximity need to be taken into consideration in order to assess the realistic market value.

(ii). With proposed lease rentals, the ground rent itself coming to ₹333/- per tonne in the cost of production of salt.

(iii). Taking the average of the quotations received for the year 2010 and 2012 and arriving at the market value and proposed lease rental is not correct as there was no allotments of land made based on the rates and nowhere in the country such high rates are charged for land use for salt production only and for no other purpose.

(v). We protest the revision every five years and the annual escalation.

Doongursee Salt Works & Allied Industries

(i). We have already submitted our comments. We support the arguments of the Gandhidham Chamber of Commerce & Industry.

(ii). We are in the process of sale of Salt and we have been terminated before 3 years and the KPT put the salt land idle and not earned.

(iii). The directions of the Joint Secretary (Ports) vide its letter dated 8 July 2015 not adhered by the KPT while framing the proposal for revision of lease rentals of Salt Lands of KPT.

(iv). The KPT has appointed the Land valuer for valuation of salt lands of KPT and the land valuer has submitted scientific report. However, the KPT has not considered the valuation of land valuer.

(v). The TAMP is requested to compare the lease rentals with the lease rentals of Gujarat State, market value and lease rentals arrived by the approved valuer appointed by the KPT with the prevailing lease rentals in other Major Ports while fixing and approving the lease rentals for salt lands of KPT.

Kutch Small Scale Salt Manufacturer's Association

(i). Location, Distance and proximity need to be taken into consideration in order to assess the realistic market value.

(ii). The salt land allotted for is only for making the salt and cannot be used for any other purpose.

Sri Laxmi Salt Allied Industry

(i). We have submitted our comments.

(ii). We oppose the lease rentals proposed by the KPT and request the TAMP to return the proposal to KPT with a direction to adhere to the directions of Joint Secretary (Ports) communicated vide his letter dated 8 July 2015. We do not challenge or dispute the policy or framework. What we challenge is the mechanical and inappropriate implementation of the policy.

(iii). The base market value considered for arriving the lease rentals at ₹19,946/- per acre per annum is irrational.

(iv). The base rate of ₹3700/- considered in the year 2010 which is illogical, irrelevant and erroneous. Bidders quoted excessive premium to get the land. It was not reflective of true market value. It must be realigned considering the then lease rentals of ₹167/- per acre per annum and the same mechanism has to be applied for the previous fixed lease rentals of ₹23,250/- per acre per annum fixed by TAMP in 2012 and to the current market valuation and lease rentals. This realignment will have an impact of assessment of market valuation and the proposed lease will drastically reduce.

(v). There is no role of KPT once it allots the lands and hence, no justification in revision rates.

(vi). The intention of the KPT was not to allot the land but to discover the market price. Therefore, there will not be any response from the market. All the lands are going to lie vacant. KPT will suffer the loss of revenue.

(vii). We are submitting further comments.

[Dy. Chairman: Market value has been computed based on the methodology prescribed in Land Policy Guidelines. Let the arguments be restricted to the justification of the proposed rate.
Sri Laxmi Salt Allied Industry: We are only challenging the quantum]

Bhuvneshwari Salt Works

(i). We have developed the salt lands by incurring huge expenditure and the same can be assessed while comparing with the stage at which the salt lands were allotted which was not considered by the KPT in fixing the proposed lease rentals for salt lands of KPT.

Urvakunj Nicotine Industries:

(i). Considering the time constraint, we submit our written comments to TAMP.

(ii). Let the premium quoted in the year 2010 and 2012 may be divided by 30 and average of the divided figure may be taken as market value.

Dy. Chairman (Kandla Port Trust)

(i). Our hands are tied. We have to follow the Land Policy Guidelines strictly as issued by the Government of India (GOI) from time to time in fixing the lease rentals and accordingly, the proposed lease rentals for salt lands are arrived.

(ii). As per the arguments the expected rate is ₹1000/-. Even as per the land valuation report approved by the approved valuer, the lease rentals work out at ₹14,137/- per acre per annum.

(iii). TAMP is the appropriate Authority to decide the case and approve the lease rentals based on the policy frame work communicated by the GOI.

3. At the Joint Hearing, Urvakunj Nicotine Industries, Shree Laxmi Salt and Allied Industries and Vijay Salt Syndicate have furnished their written- submissions. The written submission made by these users/ user organisations were forwarded to the KPT vide our letter dated 22 February 2016 as feedback information. Also, the Shri Kandla Salt Lease Holder Welfare Association has submitted its comments vide its letter dated 17 February 2016 and subsequent letter dated 20 February 2016. The comments received from Shri Kandla Salt Lease Holder Welfare Association were forwarded to the KPT vide our letter dated 24 February 2016 as feedback information. The KPT vide its letter dated 3 March 2016 has furnished its response on the comments of users / user organisations. A summary of comments received from the above mentioned users / user organisations and response of KPT thereon are tabulated below:

Sl. No.	Comments of the users/ user organisations	Reply of KPT
1.	**M/s. Urvakunj Nicotine Industries**	
(a).	The rates proposed find their roots in the Gazette Notification No.118 dated 04.05.2012 wherein the lease rental of salt lands of Kandla Port Trust (hereinafter referred to as "KPT") have been revised and fixed at ₹23,250/- per Acre per Annum with 2% escalation per Annum as applicable for a period of 5 years with effect from 05.07.2010 to 04.07.2015. The	The Kandla Port Trust has to strictly follow the provisions of Land Policy Guidelines and the procedure is that the rate structure shall have recommendation of Land Allotment Committee, approval of the Board and send the proposal to TAMP as per the Major Port Trusts Act, 1963.

	aforesaid rates were fixed on the basis of a sample auction; which could not be said to be a yard stick or reflect the actual ground reality as not finalized ever. Thus, on the basis of a faulty mechanism, the proposed lease rental is almost 11,700% upward of the last lease rental paid by us. It needs to be kept in mind that the commodity produced is salt and not gold. This move of KPT appears to be a calculated move to kill the salt industry gradually and utilize the land for some other high paying business under the garb of no bidder coming forward. It is needless to mention here that when KPT has put to auction the salt lands earlier at a higher rate, no bidders were available at such high lease rentals. Now, KPT has reduced the proposed lease rental a little bit and now again in view of such high lease rentals, it is apprehended that no bidder will come forward. Gradually, KPT will put a proposal stating that though efforts were made to auction the salt lands, as there are no bidders are available it should be given permission to utilize the said lands for some other purposes other than manufacturing salt. Thus, KPT will be successful in its design of killing the salt industry as well as to use the lands for alternative purposes for which presently it is not in a position to do so. In our respectful submission, such a proposal submitted by KPT is nothing but merely eyewash and is full of malafides. It is pertinent to bring to your knowledge that the concerned authorities have visited the area, from time to time, and provided their opinion that the lands are not advisable to use for any other industry rather than salt manufacturing.	Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, the Land Committee after considering rates as per various factors mentioned in the Land Policy Guidelines, had finally recommended a lower rate for revision of salt land rate applicable from the year 2015. All the observations / instructions of Ministry of Shipping has been brought out in the proposal.
(b).	Urvakunj Nicotine Industries rely upon the 1st case decided by the Hon'ble Supreme Court on an identical matter: M/s. Kasturilal Lakshmi Reddy v. The State of Jammu & Kashmir: [1980] 3SCR1338 held "if the Government awards a contract of leases out or otherwise deals with its property or granted any other largess, it would be liable to be tested for its validity on the touchstone of reasonableness and public interest and if it fails to satisfy either test, it would be unconstitutional and invalid………… It must follow as a necessary corollary from this proposition that the Government cannot act in a manner which would benefit a private party at the cost of the State: such an action would be both unreasonable and contrary to public interest. The Government, therefore, cannot, for example, give a contract or sell or lease out its property for	

	a consideration less than the highest that can be obtained for it, unless of course there are other considerations which render it reasonable and in public interest to do so, such as when a Directive Principle is sought to be advanced or implemented or that the contract or the property is given not with a view to earning revenue but for the purpose of carrying out a welfare scheme for the benefit of a particular group or section of people deserving it or that the person who has offered a higher consideration is not otherwise fit to be given the contract or the property."	
(c).	Urvakunj Nicotine Industries therefore submit that's the contract for property is to be given not with a view to earn revenue but for the purpose of carrying out a welfare scheme so that a large section of people gets benefits out of the commodity produced on such land.	No comments furnished by KPT
(d).	The Hon'ble Bombay High Court while deciding the case of Jayantilal Dharamsi and Ors. Vs. Board of Trustees of Port of Bombay (reported at 1991(2) Bom CR 283 has held as follows: The BPT may be said to be acting reasonably and in fairness, if, and when, it demands an increase in the rent provided the said increase corresponds to the inflationary spiral. But when it seeks to demand more than that, in other words, tries to take advantage of its position as the owner of a scare and limited resource, it is stepping into forbidden territory, for, it is then not acting reasonably and fairly. This would be the position despite the statutory obligations it has to fulfill. There is of course a way out and that would be for the legislature to give complete freedom to State instrumentalities from all manner of letters, whether it be in respect of rent or prices so that resources for public needs of the State can be met from out of the income generated by public enterprises inclusive of scare resources in their possession. But democratic India governed by the Constitution of 1950 is not General Pinochet's Chile and as long as the Constitution prevails, Government and local authorities like the BPT, will have to go by the constraints underpinning standards of reasonableness and fairness inherent in rent control legislation. Regard being had to the authorities noted above, can it be said that the BPT has acted as would an instrumentality of the State enjoined to observe canons of reasonableness and fairness? The precedents give latitude to the State by	

	exempting it from the full rigor of the Rent Act. This does not however permit it to act in violation of principles which led to the enactment of rent and tenancy legislations. The spirit of such legislation applies for that is what the precedents say while justifying the exemption. The exempted categories have to conform to the expected behavior which entitled them to the exemption. It has not been shown that the rental revenue of the BPT is such as inhibiting it in the performance of its duties much less maintenance of its real estate. The attempt to pass on the entire liability of the maintenance expenditure on the service tenants is impermissible. This is no doubt that the BPT like all local authorities and public enterprises, can do with an increase in revenue. The benefits of such an increase can be passed on to the citizenry in the shape of improved services if not a reduction in taxes – direct or indirect. That however cannot be a reason for permitting it to fix the market value of its land in terms of the law of demand and supply and based there upon, charge also called reasonable return. Tested thus, the increases proposed by the BPT are anything, but reasonable or fair. A mere look at the figures given above and the rents chargeable would show that the increase is astronomical. That cannot be permitted, for it is clearly arbitrary and capricious being based upon an inapplicable measure. What would be the reasonable rent that the BPT to envolve and so far as the present petitions are concerned, all that is necessary to be done, is, to give a declaration that the demanded increases coupled with termination of tenancies are violative of the rights of the petitioners. For that reason, they are unenforceable.	
(e).	Keeping in mind the aforesaid touchstone of reasonableness as well as public interest the Hon'ble authority is requested to take into consideration the following aspects:	No comments furnished by KPT
	(i). Govt. of Gujarat, (as per the submission of KPT), charges a lease rental of ₹344/- per Acre per Annum as against astronomically high premium of ₹19,946/- per Acre per Annum as suggested by KPT. Such state government land is in the vicinity of the lands owned and released by KPT. Thus, the Hon'ble Authority cannot remain oblivious of such land lease rentals.	
	(ii). There cannot be much of difference in the annual lease rental of two (2) identical lands. The lands are identical in all respect	

	and are being used for the same purpose of manufacturing salt.	
(f).	Urvakunj Nicotine Industries respectfully submit that in case the rate of ₹19,946/- or any other abnormally high rate as compared to the rate of ₹ 344/- per Acre per Annum, as is being charged by the State Govt. is finalized or approved, the same would have drastic effect on the revenue of KPT because the salt manufacturers will not be in a position to remain competitive and therefore may all together drop the business from this land and move to other favorable places. It is worthwhile to point out that no response was received from the bidders in response to high rates of ₹23,250/- per Acre per Annum. Such high rates have not only created a revenue loss for KPT but also are generating revenue loss for Central Govt. apart from creating unemployment. Clearly such a generation of loss of revenue and unemployment cannot be termed a reasonable activity or an activity in public interest. The Hon'ble Supreme Court has time and again emphasized on reasonableness as well as public interest as compared to any other consideration.	
(g).	The highest rate of relevant transaction has been assimilated by the KPT. However, KPT has not projected the said figure in the sense they have been received. The figure pertains to a period of 30 years and not for 1 year. Accordingly such figures have to be brought down to annual rentals and thereafter the average of all the bidders has to be considered working out annualized figure. On considering the aforesaid aspect the annual average lease rental comes to ₹7,536.60/- per Acre per Annum.	The comparison with the rate structure of State Government cannot be considered by KPT, as the provisions of Land Policy Guidelines, which has been approved by the Cabinet, has to be followed in to.
(h).	On the other hand the land policy provides for determination of market value of land and it suggest annual lease rental to be not less than 6% of latest market value. Therefore the minimum lease rental would come to ₹ 452.20/- per Acre per Annum as against ₹ 344/- per Acre per Annum being charged by the State Government.	
(i).	KPT has suggested a figure of ₹19,946/- per Acre per Annum. Nowhere in the proposal had reflecting as to how such figure is arrived at. KPT is a State within a meaning of Article 12 of Constitution of India and has been held so in number of Judgments rendered by Hon'ble Supreme Court of India. Once, KPT is held to be a State, it cannot be actuated by any profit making motives and is required to deal, fairly, reasonably and in public interest, the interest of Nation being foremost. By asking for abnormally high rates KPT is	No comments furnished by KPT

	defeating all the purposes which have been protected by the Constitution. Such high rate are not sustainable in eyes of law and a statutory body cannot give approval to such high rates.	
(j).	In fact KPT itself realized the actual situation. The same is reflected on letter number PD-13017/2/2014-PD.IV dated 08.07.2015 where in it has summarized the position as: “due care is taken to choose the relevant factor which captures the realistic market value of the land. Mechanical and inappropriate application of the Land Policy Guidelines may lead to inflatyed and unrealistic market value which results in poor response to them cum actions and Subsequently loss of business to the Port”.	The Land Committee after considering rates as per various factors had finally recommended a lower rate for revision of rate, applicable from the year 2015 by considering the ‘Any other relevant factor as may be identified by the Port’ which is the average of relevant rates obtained during auction process of 2010 & 2012 with 2% for annual escalation. The proposed lease rental derived taking into consideration the discount factor applicable on Upfront payment basis as provided in the Land Policy Guidelines.
(k).	It is submitted that the schedule of rates proposed is applicable to new allotments and no market value is required to be fixed as per existing lease are concerned and the new rates based on new market rates arrived by auction or tender cannot be extended to existing lease and the increase in rentals cannot be more than 25% per annum. The same was confirmed through various decisions by Hon’ble Apex Courts as well as other authorities.	
(l).	In view of above, it is humble submission to the Hon’ble Authority that not to fix the exorbitantly high lease rental as suggested by KPT but in order to generate employment, facilitate the trade and keeping in mind the identical nature of the land leased out by State of Gujarat in near vicinity. It is humble request and/ or offer to the Hon’ble Authority to fix the annual lease rental of the salt land @ ₹344/- per Acre per Annum, as is being charged by the State Government.	Kandla Port Trust has to strictly follow the provisions of Land Policy Guidelines for fixation of SoR. The Land Committee after considering rates as per various factors had finally recommended the revision of rate which is applicable from the year 2015. All the observations/instructions of Ministry of Shipping has been brought out in the proposal.
2.	**Shree Laxmi Salt and Allied Industries (SLSAI)**	
(a).	SLSAI oppose and object the current proposal of KPT to approve ₹ 19,946/- as SOR for Salt Land on the following count enumerated hereunder supported with reason and rational thereof. (SLSAI do not oppose or object policy provisions per say!)	The Kandla Port Trust has to strictly follow the provisions of Land Policy Guidelines and the procedure is that the rate structure shall have recommendation of Land Allotment Committee, approval of the Board and sending the proposal to TAMP as per the Major Port Trusts Act, 1963. Considering the present scenario and no response received during previous auction with a Reserve Price of ₹25,167/- per acre, the Land Committee after considering rates as per various factors mentioned in the Land Policy Guidelines, had finally recommended a lower rate for revision of salt land rate applicable from the year 2015. All the observations/instructions of Ministry of Shipping has been brought out in the proposal.
(b).	SLSAI also request the TAMP not to sanction the same and return back to KPT directing it to resubmit the same ensuring that proper proposal in line with the letter and spirit of the Land Policy Guidelines after falling in line and considering the observations and directions made in a very important communication of Jr. Secretary, Ministry of Shipping No.: D.O.PD-13017/2/2014.IV dated 8th July, 2015 in its totality, however particularly Point No. (3)	

	and (4) thereof very rigorously and more importantly the concluding paragraph No. (6) invariably inter alia along with yet another important communication from the Under Secretary, Ministry of Shipping No.: PD-13017/2/2014-PD.IV dated 17 July 2015.	
(c).	SLSAI oppose and object its proposed lease rent because same is abnormally inflated, irrational, abnormally high and illogically derived and does not reflect the realistic market value simply because same has derived or inherited from its preceding Two Market Value figures which themselves are similarly inherently abnormally inflated, irrational, abnormally high and illogically derived as ₹ 13,570/- and ₹ 23,250/- in the year 2010 and 2012 respectively as outcome of public auctions by KPT, which however does not reflect the realistic then Market Values being discovered ill-timed.	No comments furnished by KPT
(d).	Further, owning the fact that TAMP itself flexing its muscles *suo motto* devised its own approach to derive yet another redundant Market Value Figure of ₹ 23,250/- by merging above two Market Value Figures for the reason and rational best known to TAMP only, which further compounded and complicated the scenario and added further to the irrelevancy of the Market Value Rate derived by itself obviously on the same count of being abnormally inflated, irrational, abnormally high and illogically derived not reflecting the realistic market value.	No comments furnished by KPT
(e).	Despite the ironical fact that KPT and Ministry of Shipping didn't agree to or responded to the *suo motto* initiative and insistence of TAMP to do so for quite longer period, however TAMP ultimately prevailed upon both and did what it intend to. So according the underlying fact, TAMP too has its own share in complicating the scenario and adding irrelevancy to the Market Value Rate devised.	No comments furnished by KPT
(f).	The discovered Market Value Rates or the SORs are inherently abnormally inflated, irrational, abnormally high and illogically derived and not reflecting the realistic market value simply because of the basic fact that they themselves are derivative or originated and variant of a yet another irrelevant figure of ₹. 3,700/- a figure which was air lifted and approved as Base Value for the public auctions carried out in year 2010 to ascertain Market Value of the Salt Lands merely to fulfill and comply with the provisions of Land Policy Provisions in absence of any other requisite relevant	No comments furnished by KPT

	data without ascertaining its relevance and applicability for the Port's Salt Land. Air lifted simply because the figure was simply picked up off the shelf from the transaction records of an entity called Hindustan Salts Ltd. – situated almost 250 km away from the extant Salt Lands of KPT and have its own governing dynamics, operative background and underlying objectives which are obviously completely different from that of extant Salt Lands of KPT under consideration. Therefore, it doesn't have any kind of similarity or suitability which can be adopted and applied off the shelf – which has exactly been done by the KPT despite the fact that it doesn't reflect of true Market Value scenario then existed in 2010 vis-à-vis extant Salt Lands and such a blind, irrational and illogical air-lifted adoption casted an inherent defect like that of "Genetic Defect" type and lead to the emergence of similar inherently defected, abnormally inflated, irrational, abnormally high and illogically derived Market Value figures certainly not reflecting the realistic market scenario. No or poor response to the Public Auctions / Tenders calls for Salt Lands by KPT owing to following two principal reasons.	
	(i). Owning the fact every public auction is done on the basis of inherently abnormally inflated, irrational, abnormally high and illogically derived Base Rates from its preceding public auctions outcomes not reflecting the realistic market value obviously compels the bidders to quote the premium on even further unrealistic higher level triggering yet another dominos effect finally giving the unrealistic much higher market value scenario and so the matching SOR derived from it and needless to add inherited with 'Genetic Defect' as defined and stated above earlier.	No comments furnished by KPT
	(ii). The people have now understood the cunning and real dynamics of KPT's intentions and mindset, that it is not interested truly in allotment of Salt Lands but is interested only in ascertaining the Market Value again and again through Public Auctions / Tenders Call and to ensure it goes up and up purely numerically to skyrocket the value of its Salt Lands to project it as more and more potential revenue resources for KPT as supplement to its dropping real Operational Revenue owning various mishandling of its primary Port Business Operations and luring the Govt wrapping the proposal with	No comments furnished by KPT

	the jugglery of Land Policy Provisions to get it approved anyhow.	
(g).	Owning to the above two basic facts, and since the KPT's intention and mindset has got exposed and most importantly the gulf of trust deficit is getting widened and widened with every such cunning move of KPT, it is bound to face the either NO or POOR response to every such cunning and visionless actions and destined to lose its Operation Revenue and even may lose its relevance as a Port because the approach and attitude with cunning and visionless mindset and particularly ever increasing trust deficit would invite isolation for Port as business communities would prefer to remain at arms distance and would not prefer to do any business with Port out of fearing of uncertainty of its mindset and handling, interpretations and application of Policy provisions and fearing with its sudden and abrupt flip flop thereof threatening their long term interest involving stability and future and security of their investment.	No comments furnished by KPT
(h).	One immediate example can be and would be suffice at this juncture the two most important and major steps initiated by the Govt to cleanse and rationalize the Land Policy Provisions and Guidelines making it more realistic and facilitating the ease of doing the business but still those non-professional thinking pattern pitches its own last ditch efforts to block or delay such reforms and rationalization process initiated but we are sure not going to last very long and going to lose its relevance very soon. We wish to refer to most important two communications originated from the Government – the Ministry of Shipping namely supporting our above contention – (1) D.O. No.PD-13017/2/2014-PD.IV dated 8th July, 2015 (2) PD-13017/2/20104-PD.IV dated 17th July, 2015 issued to all the Chairman of Major Ports including that of KPT's as well.	No comments furnished by KPT
(i).	However, unfortunately, presently it is observed that entities at the helm of affairs at KPT appears to haven't taken cognizance of the observations and directions made into these two path breaking communications, particularly the last concluding point no. (6) of the first letter referred, in which very senior officials of the Govt. of the rank of Jt. Secretary is seen almost urging (with the approval of Competent Authority!) to the KPT Chairman to 'Sensitize' its officers and ensure that proper proposals in line with the letter and spirit of the Land Policy Guidelines are sent by the Ports to TAMP.	No comments furnished by KPT

	And, fortunately, this is exactly what we meant to say since day 1 repeatedly, has now been officially very unambiguously not only said but have directed by the Ministry itself. It gives a very big sense of vindication to us.	
(j).	Owning to the above fact, we believe due intervention of TAMP has become inevitable and taking the due cognizance of our representation made in written earlier and made today here during the joint hearing at Gandhidham 'inter alia' in the national interest as whole and in interest of local socio-economic scenario in specific must flex its muscles being a statutory body enacted by the Parliament of the country which reflects the will of the ordinary people of the country over that of few erring entities and prevail upon them, and we earnestly appeal to TAMP accordingly, not to approve the extant proposal of KPT for the proposed ₹19,946/- as SOR for Salt Lands and return it back to KPT with a direction to come back after revising it as 'proper proposal' and ensuring that it is indeed in line with the letter and spirit of the Land Policy Guidelines as observed and directed in above two referred communications of the Ministry of Shipping / Govt. which is not only a logical much needed step and action and the need of the time.	No comments furnished by KPT
(k).	SLSAI, hope, TAMP would prevail upon and not get trapped in the 'Copy & Paste' approach of KPT citing and hiding every time the provisions of Land Policy provisions approach to justify their mindless and visionless approach since now have been got exposed beyond any doubt now as champion of 'Mechanical & inappropriate Application of Land Policy Guidelines, and would enforce its mandate to force the much needed course correction and restore the dignity of Justice and public centric governance in the light of and following it in spirit and letter of above two letters referred by us from the Ministry of Shipping, Govt. of India as a mandate to TAMP as well to prevail upon KPT instead, otherwise, we are sure every exercise to devise and approve the SOR every five years as per policy would reduce to a meaningless and inconclusive ritual and every call of Public Auctions / Tenders for Salt Lands by KPT is certainly going to receive poor to no response invariably years after years and as a result KPT is continue to suffer with its loss of Operational Revenue and threat its relevance.	No comments furnished by KPT

	To conclude, SLSAI reiterate Three Basic Demands as under:	
	(i). In order to break the vicious cycle of getting inherently 'genetically defective', abnormally inflated, irrational, abnormally high and illogically derived Base Rates from its preceding exercises, the base rate of ₹3,700/- of year 2010 which is basis of inheritance of such each SOR / Market Value itself needs to be corrected to make it more rationalized and reflective of then real market scenario existed in June / July 2010 and vis-à-vis last existing Rental rate of ₹167/- then existed and for the period it was meant to and then apply appropriately progressive corrections in forward directions to reduce and rationalize the Market Value / SOR figures at each steps so far have been completed by the KPT and up to the current proposal to ensure all subsequent such exercise gives the correct Market Value / SOR figures free from any defects as stated earlier above.	No comments furnished by KPT
	(ii). Direct KPT to respond in the letter and spirit of the above two most important communications of Govt. and show to the world that it indeed has taken the cognizance of it, have sensitize the officials and have therefore changed as directed and observed therein.	
	(iii). The extant proposal to approve SOR is not approved and return it back to KPT with direction to comply with above two suggestions / demands and what has been said above inter alia and come back with the revised proposal as directed in two referred communication from Govt.	
(l).	TAMP would take cognizance of facts 'inter alia' and act accordingly in National Interest and salvage the current stalemate.	No comments furnished by KPT
3.	**<u>Vijay Salt Syndicate</u>**	
	The comments of Vijay Salt Syndicate (VSS) are seen to be similar to the comments of Chirai Salt works and the Gandhidham Chambers of Commerce and Industry, already brought out earlier along with the response of KPT. Hence, the comments of VSS are not produced here.	The KPT has furnished its comments on the comments of other user / user association reiterated by the user.
4.	**<u>Shri Kandla Salt Lease Holder Welfare Association (SKSLHWA)</u>**	
(a).	At the time of last exercise for revision in lease rent for Salt Land, the issue was raised that the fixation of Salt Land Lease Rentals should be kept out of purview of the TAMP as it is not a Port related Activity. However, the request was not acceded to	As per the Land Policy Guidelines, the lease rental of Port land are to be fixed as per the factors mentioned therein, which are subsequently, being approved by Board and TAMP. The above procedure is strictly in purview of the Port and the Port has to follow

	and considering the salt farming as a Port related Activity, the TAMP had issued the Tariff Order. SKSLHWA once again wish to submit that Salt cultivation should not be treated as Port Related Activity merely because it is carried out on the Land belonging to Kandla Port or because the sea water is used for this activity. Or it may be because the salt is exported through Kandla Port. To substantiate submissions made by SKSLHWA, SKSLHWA to state that	the policy guidelines framed by statutory authorities.
	(i). Other than the Land of Kandla Port, there are land parcels belonging to State Govt. which are also in the same area but fixation of lease rentals for this land is not subjected to TAMP and the State Govt. is the final authority in the matter.	The fixation of rental for State Government is not under the purview of Kandla Port Trust/ TAMP.
	(ii). There are number of industries established in Kandla SEZ but these are not treated as Port Related activity and are not subjected to TAMP regulations. The lease rental for such land though belonging to KPT is decided by the Central Government and not by the TAMP. Then why is it that Salt farming alone has been considered as Port related Activity and has been brought within the jurisdiction of TAMP.	The query addressed to TAMP.
	(iii). There are number of products manufactured in units in SEZ or on the other land situated in the same area not belonging to Kandla Port which are exported through Kandla Port but such land parcels where these are manufactured are also not subjected to any TAMP regulation.	The SEZ units are not in jurisdiction of Kandla Port Trust.
	(iv). It is only in case of KPT Land for salt that the TAMP has passed the Tariff Order but in case of Mumbai, the salt land which is owned by Central Govt. and Salt Department (Port Trust also are under the control of Central Govt.) has not been subjected to TAMP regulations. As such there could be no reason which should lead to subjecting the land meant for salt farming belonging to KPT to TAMP regulations.	TAMP to reply.
	(v). Various other State Governments as also Central Government have also allotted land parcels for the purpose of salt farming but these are also not coming within the purview of TAMP. Then is it just because these are not on Port Land that they are not subjected to TAMP. This leads one to conclude that the only reason which can be adduced to subjecting these land parcels to TAMP is that these salt farms are existing on Port's Land. Hence the similar activity of salt farming which is carried out on Port Land is considered as Port Related Activity but the	As per MPT Act, TAMP is the statutory authority to approve the rates. Port is allotting the land on as is where is basis.

	same activity when carried out on Land other than that of Port is not considered as Port Related Activity. This should suffice to justify our submissions that there is a case for reconsidering the matter as to whether the fixation of Lease rental for salt land should be kept in the purview of TAMP. In fact giving a differential treatment to the same activity is violative of provisions contained in MRTP Act.	
(b).	It remains a fact that the Port allots its land as a barren one without any sort of development thereon such as approach roads, drinking water, electrification and basic necessities. However, while fixing the lease rent this fact is completely ignored. The Port Trust incurs a meager amount towards administrative cost relating to Salt Land which remains in lacs of rupees (it was ₹ 30 lacs in the past as per figures on record) only but the lease rental being charged from Salt Lessees works out to over ₹ 37 crores per annum thanks to the abnormal increase in lease rent approved by TAMP in the last Order by travelling beyond the recommendations made in the proposal submitted by KPT and KPT's reluctance to revise its proposal. There could be no justification for such a wide difference in the cost and accruals and the Port Trust should not aim to make such a huge profit from land and rather be interested in boosting its revenues by increasing the traffic of cargo at the Port. This can be done only when the land allotments are done on fair and reasonable prices so that more and more industries could come thereby increasing the exports and generating employment.	The other paras are not relevant in connection with fixing of Market Value/ Lease rentals of salt land for Kandla Port Trust and hence, cannot be replied. However, it is once again to clarify that the proposal submitted to TAMP for fixing of rate structure of salt land is strictly as per provision of Land Policy Guidelines.
(c).	The lease rental recommended by KPT is based on the average of the rate received in the two auctions held in the year 2010 and 2012 and after applying the annual escalation. In this regard, we wish to state that apart from the fact that the tender held in the year 2012 never materialized and that the auction held in the year 2010 was a Sample Auction, the Port has on its record the latest market value of land arrived at by the Valuers approved by the Port Trust itself and it would have been a fair and justified treatment on the part of Port Trust to give due weightage to the valuation done recently and then recommend a realistic and reasonable lease rent. The Port Trust's recommendations are based on considering the earlier lease rent fixed on the basis of auctions held something as a "gospel truth", no matter whatever be the market scenario. We request the Authority to appreciate the fact that the prices of real	

<table>
<tr><td></td><td>estate are quite volatile and fluctuate from time to time. But the act of KPT sticking to the old market rates (arrived at on the basis of auctions) cannot be justified. It has to be borne in mind that the lease rentals are subjected to revision over an interval of 5 years and this very provision exists with a view to consider the latest market rates of the relative land and then arrive at a reasonable lease rent. As such when the Valuers have submitted their latest report, then what could be the justification on the part of KPT to stick to old rates and make a proposal to TAMP based on these old rates disregarding the valuations done by the Valuers. Summing up, SKSLHWA stated that the TAMP should exercise its discretion and arrive at a rate which should give due weightage to the valuation arrived at by the approved valuers and also consider other factors as mentioned in its letter under reference.</td><td></td></tr>
<tr><td>(d).</td><td>The contents of the following table will suffice to indicate that the revision in lease rent for salt land done w.e.f. 05.07.2010 was quite out of proportion. The rate proposed now at ₹19946/- per acre p.a. though lower than the rate approved by TAMP last time is also one that the Industry can find difficult to bear its burden and survive given the competition posed by those salt farms who are required to pay substantially lower lease rentals to State Govt./Central Govt. The cost of lease rent for salt farm on KPT Land will work out to approx. ₹ 200.00 per M.T. in comparison to cost of ₹ 3.00 per M.T. for a Salt farm on State Govt. Land taking an ideal level of production of 100 Mts. per acre.
<table>
<tr><th>S. N O.</th><th>Description</th><th>Prior to 1973</th><th>1973</th><th>Rates approv ed by Govt. w.e.f. July, 1994</th><th>Rates w.e.f.1 999 as approv ed by TAMP</th><th>Rates w.e.f. 2005 upto July, 210</th><th>Rates w.e.f. 05.07.201 0 upto 04.07.201 5 as approved by TAMP</th></tr>
<tr><td>1</td><td>Plots admeasurin g 10 acres</td><td>30</td><td>90</td><td>200</td><td>342</td><td>445.00</td><td rowspan="4">23,250.00</td></tr>
<tr><td>2</td><td>Plots admeasurin g more than 10 acres but less than 100 acres</td><td>30.</td><td>45</td><td>100</td><td>171</td><td>222.00</td></tr>
<tr><td>3</td><td>Plots admeasurin g more than 100 acres</td><td>10</td><td>30</td><td>65</td><td>111</td><td>144.00</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table></td><td></td></tr>
<tr><td>(e).</td><td>The following cost benefit analysis would also highlight that the cost of production per MT of salt on a salt farm on KPT Land is so high that the unit will not remain viable at all. As against the prevailing selling rate per MT of Salt in international market, the cost exceeds the same by ₹37/- per MT. Thus it speaks volumes about the effect of unprecedented hike in lease rent on the Industry as a whole. For this purpose, the area of salt land has been taken as 1 acre and the production per acre has been assumed as 100 MTs. The</td><td></td></tr>
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<td></td>
<td>present FOB rate for salt exports is app. USD 7.00.
I : FOB price for one MT. of Salt
USD.7.00 = INR 483.00 PER MT.
II : ESTIMATED COST OF GOODS TO BE SOLD IN INTERNATIONAL MARKET ON FOB BASIS (per acre (in INR):

<table>
<tr><th>PARTICULARS</th><th>COST PER MT.</th></tr>
<tr><td>Lease Rent</td><td>200.00</td></tr>
<tr><td>Stevedoring expenses</td><td>70.00</td></tr>
<tr><td>Transportation cost</td><td>150.00</td></tr>
<tr><td>Labour & Electricity cost</td><td>100.00</td></tr>
<tr><td>Total cost of one MT. of salt sold on FOB basis</td><td>520.00</td></tr>
<tr><td>Realisation per MT of salt exported</td><td>483.00</td></tr>
<tr><td>Net loss per mt.</td><td>37.00</td></tr>
</table>
It is clearly evidenced that the lease rent forms a major portion of total cost of production of salt and thus the situation calls for an immediate remedial measures in this regard. That the activity is not viable is the main reason for poor response to the Port's efforts to auction its land and this needs to be appreciated by the Authority. This would ensure utilization of land lying unutilized and revenue to the Port which it has been losing ever since the Last Order of the TAMP.</td>
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<td>Lastly, as a representative body of Salt Leaseholders would like to reiterate submissions in the concluding para of earlier letter and requested that the fixation of lease rent should be such that ensures maximum participation in the Auction process and that the Port should augment revenues not from the activity of trading in Port's Land but from the ever increasing traffic of cargo through the Port simultaneously ensuring maximum utilization of the land available with the Port instead of allowing it to remain idle.</td>
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<td>(f).</td>
<td>SKSLHWA has stated that KPT has not considered the following in its proposal.

1) Valuations submitted by the approved valuer.
2) Lease rent for salt lands fixed by State Government.
3) Lease rentals being charged by Central Government in various states from lease holders against land leased out for salt cultivation.
4) Letter of Ministry of Shipping, Government of India dated 08.07.2015.

SKSLHWA requested to kindly consider above facts while approving the rate of lease rental for salt land of Kandla Port Trust. These rates will only be a reserve price for the salt land for the purpose of auction and this rate will not have any</td>
<td>Kandla Port Trust has submitted the proposal for revision of rate of salt land as per the procedure laid down in Land Policy Guidelines considering all the factors mentioned under Clause 13. The revision of the rate structure is also being done every 5 years as per the provisions of Land Policy Guidelines.</td>
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	ceiling of higher side. But if reasonable price is fix by TAMP, then there will be viability and also there will be overwhelming response from the participants. Further, if there any difference in the reserve rate (this was fear of Kandla Port officials at the time of Joint hearing) that can automatically be recovered at the time of E-auction because trade or user will participate in the auction by increasing the rate till there is viability.	
(g).	The provision of revision of rate after 5 years is there in the policy of Government. Revision means the rate should be as per prevailing market scenario. It can be increased and also it can be decreased. As there is worldwide recession therefore, take due care about trade and industry before finalizing the lease rental of salt land of Kandla Port Trust.	

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