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Tariff Authority for Major Ports

G. No. 21

New Delhi,

15 January 2016

NOTIFICATION

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

(T.S. Balasubramanian)

Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/20/2010-KPT

Kandla Port Trust

Applicant

ORDER

(Passed on this 7th day of December 2015)

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

2. The lease rental for the Gandhidham Township Land of Kandla Port Trust (KPT) was last revised by this Authority on 9 April 2012. The lease rental revised by the Authority were implementable with retrospective effect from 1 January 2009 and valid for a period of five years, i.e. up to 31 December 2013. Thereafter, this Authority has extended the validity of the existing rate structure for Gandhidham Township Land of KPT from time to time.

3. The existing rate structure for Gandhidham Township Land of KPT was last extended based on the request of KPT by this Authority vide its Order No. TAMP/20/2010-KPT dated 13 February 2015 from the date of expiry till 30 June 2015 or till the date of effect of notification of the revised rentals based on the tariff proposal to be filed by the KPT, whichever is earlier. While extending the validity, the KPT was directed to file its proposal for revision of rate structure for Gandhidham Township Land positively by 31 March 2015.

4. Now, the KPT, vide its letter dated 20 November 2015 has stated that its proposal for revision of rates for Gandhidham Township Land is under consideration and has been submitted to the Board for its approval of Board. After the approval of the Board to the revised proposal same shall be sent shortly. In view of this position, the KPT has requested this Authority to allow it to continue to charge at the existing rates for a further period of 6 months i.e. upto 31 December 2015, subject to condition that revised rates will be made applicable with retrospective effect.

5.1. The KPT while seeking extension of the validity of the existing rate structure of the Gandhidham township land on the last occasion vide its letter dated 31 December 2014 had stated that land valuation is completed and the proposal will be sent after seeking Board approval. The KPT has, however, not filed its proposal so far despite specific request to file its proposal by 31 March 2015 positively. Even now, while requesting for extension the KPT has not indicated the time frame within which it will file its proposal. The KPT has, however, reported that land valuation has been completed and that the proposal will be sent shortly after seeking Board approval. Based on the above status indicated by the KPT and also recognising that the revision is overdue the port is directed to file its proposal for revision of the rate structure for Gandhidham Township Land of KPT latest by 31 December 2015.

5.2. The extended validity of the existing rate structure for Gandhidham Township Land of KPT has expired on 30 June 2015. The KPT has requested to extend the validity of the rate structure for Gandhidham Township land till 31 December 2015. As mentioned above, the KPT has so far not filed its proposal for revision of the Gandhidham township land. Even if the KPT files its proposal within stipulated time, it will take time for the consultation process to conclude before final consideration of this Authority. In view of that and as the validity of the rate structure for Gandhidham Township Land of KPT has expired on 30 June 2015, this Authority extends the validity of the existing rate structure of the Gandhidham township land from the date of its expiry till 31 March 2016 or till the date of effect of notification of the revised lease rentals based on the tariff proposal to be filed by the KPT, whichever is earlier.

5.3. Further, the Land Policy Guidelines of 2010 issued by the Government (based on which the rate structure for Gandhidham Township Land has been fixed in April 2012) stipulates that the lease rentals approved by this Authority shall be escalated by 2% per annum till they are

revised by the Authority. The Order approved by this Authority in April 2012 also prescribes a specific condition in this regard. This condition also prevails in the revised Land Policy Guidelines 2014 issued by the Ministry of Shipping. Since, the existing Schedule of lease rent already prescribes annual escalation @ 2% in the lease rentals till such time the rates are revised by the competent Authority and in line with the guidelines issued by the Government, the annual escalation @ 2% will continue to apply during the extended validity period of the rate structure for Gandhidham Township Land.

5.4. However, in this regard, it is relevant to mention here that the extension of the existing lease rentals with an annual escalation of 2% is only a provisional arrangement to avoid a vacuum in the current scenario. The lease rentals to be fixed for the Gandhidham township based on a proposal to be filed by the KPT in this regard may have to be given retrospective effect, as requested by the KPT.

6. In the result, and for the reasons given above, this Authority extends the validity of the existing rate structure for Gandhidham Township Land from the date of its expiry till 31 March 2016 or date of effect of notification of the revised lease rentals based on the tariff proposal filed by the KPT, whichever is earlier. The KPT is directed to file its proposal for revision of rate structure for Gandhidham Township Land of KPT positively by 31 December 2015 following the revised Land policy Guidelines, 2014 issued by the Ministry of Shipping.

(T.S. Balasubramanian)
Member (Finance)