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Tariff Authority for Major Ports

G.No.241

New Delhi,

8 July 2015

NOTIFICATION

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

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/15/2011-KPT

Kandla Port Trust

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Applicant

QUORUM

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

ORDER

(Passed on this 2nd day of July 2015)

This case relates to extension of the validity of lease rentals for salt lands of the Kandla Port Trust (KPT).

2. The lease rentals for salt lands of KPT was last revised by this Authority vide Order No.TAMP/15/2011-KPT dated 9 April 2012. The said Order was notified in the Gazette of India on 4 May 2012 vide Gazette No.118. The lease rentals for the salt lands of KPT revised by this Authority were implementable with retrospective effect from 5 July 2010 and valid for five years, i.e. upto 4 July 2015.

3.1. The KPT vide its letter dated 12 June 2015 has stated that the proposal for revision of lease rentals for salt land has been submitted to the Land Allotment Committee and that the proposal will be sent shortly after seeking Board approval. 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 4 January 2016, subject to condition that revised rates will be made applicable with retrospective effect.

3.2. The KPT while requesting for extension of the validity of the lease rentals for salt lands has not indicated the exact time by when it will file its proposal for revision of lease rentals for salt lands of KPT. The KPT has, however, reported that the proposal for revision of lease rentals for salt land has been submitted to Land Allotment Committee and that the proposal will be sent shortly after seeking Board approval. Based on the above status indicated by the KPT, the port is advised to file its proposal for revision of lease rentals for salt lands of KPT latest by 30 September 2015.

4.1. The validity of the existing lease rentals for salt lands of KPT will expire on 4 July 2015. The KPT has so far not filed its proposal for revision of lease rentals for salt lands of KPT. Even if the KPT file its proposal within stipulated time, it will take time for the consultation process to conclude before final consideration of this Authority. This Authority, therefore, extends the validity of the existing lease rentals for salt lands of KPT from the date of its expiry till 4 January 2016 or till the date of effect of notification of the revised lease rentals of salt lands of KPT based on the tariff proposal to be filed by the KPT, whichever is earlier.

4.2. Further, the Land Policy Guidelines of 2010 issued by the Government (based on which the lease rentals for salt lands of KPT has been fixed in April 2012) stipulates that the lease rentals approved by this Authority shall be escalated by 2% per annum till they are revised by this Authority. The Order approved by this Authority in April 2012 also prescribes a specific condition in this regard. 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 lease rentals for salt lands of KPT.

4.3. However, in this regard, it is relevant here to mention 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 salt land of KPT based on a proposal to be filed by the KPT in this regard may have retrospective effect, as requested by the KPT.

5. In the result, and for the reasons given above and based on collective application of mind, this Authority extends the validity of the existing lease rentals for salt lands of KPT, beyond 4 July 2015 upto 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, with an annual escalation of 2%. The KPT is directed to file its proposal for revision of lease rents for salt lands of KPT positively by 30 September 2015 following the applicable Land Policy Guidelines, 2014.

(T.S. Balasubramanian)
Member (Finance)