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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 72

New Delhi,

4 March 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 rate structure for Gandhidham Township Land of Kandla Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

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

The Kandla Port Trust (KPT)

Applicant

QUORUM:

- (i). Shri. T.S. Balasubramanian, Member (Finance)
- (ii). Shri C.B. Singh, Member (Economic)

ORDER

(Passed on this 13th day of February day of 2015)

The lease rentals for Gandhidham Township Land of Kandla Port Trust (KPT) were last revised by this Authority vide Order dated 9 April 2012. The said Order was notified in the Gazette of India on 4 May 2012 vide Gazette No.119. The lease rentals revised by this Authority were implementable with retrospective effect from 1 January 2009 and valid for a period of five years, i.e. upto 31 December 2013.

2. Based on the request of KPT, this Authority, vide its Order dated 21 February 2014, first extended the validity of the existing rate structure for Gandhidham Township Land from the date of expiry till 30 June 2014 with an annual escalation of 2%. While extending the validity, the KPT was advised to file its proposal for revision of rate structure for Gandhidham Township Land within 30 days from the date of notification of the Order in the Gazette of India. Subsequently, at the request of the KPT, this Authority extended the validity of the Gandhidham township land vide Order dated 4 August 2014 from the date of expiry till 31 December 2014 with an annual escalation of 2%. While extending the validity for the second time the KPT was again advised to file its proposal by 30 September 2014 since it had not indicated the timeframe within which it will file its proposal. The KPT has, however, not filed its proposal for revision of rate structure for Gandhidham Township Land so far.

3. Now, the KPT, vide its letter dated 31 December 2014 has stated that its proposal for revision of rate structure for Gandhidham Township Land is under consideration and work of Land valuation has been completed. 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 30 June 2015, subject to condition that revised rates will be made applicable with retrospective effect.

4.1. As mentioned above, this Authority, at the request of the KPT, has extended the validity of the existing rate structure of the Gandhidham township land on two occasions vide Orders dated 21 February 2014 and 4 July 2014. It has been noted in the both the Orders that the KPT while requesting for extension of the validity of the lease rent of Gandhidham Township land has not indicated the time frame within which it will file its proposal for revision of lease rent of the Gandhidham township land. 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, the KPT is directed to file its proposal for revision of the rate structure for Gandhidham Township Land of KPT latest by 31 March 2015.

4.2. The extended validity of the existing rate structure for Gandhidham Township Land has expired on 31 December 2014. 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 has expired on 31 December 2014, this Authority extends the validity of the existing rate structure of the Gandhidham township land from the date of its expiry till 30 June 2015 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.

4.3. Further, the land policy guidelines of 2010 issued by the Government (based on which the rate structure for Gandhidham Township Land 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 rate structure for Gandhidham Township Land of KPT.

4.4. 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 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 rate structure for Gandhidham Township Land of KPT, beyond 31 December 2014 upto 30 June 2015 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 rate structure for Gandhidham Township Land of KPT positively by 31 March 2015.

(T.S. Balasubramanian)
Member (Finance)