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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.440 New Delhi, 8 October, 2021

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 disposes of the proposal received from the Visakhapatnam Port Trust (VPT) for revision of lease rents to VPT lands at Salagramapuram Area i.e. Zone-8 under Non-port related activity category as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No.TAMP/38/2021-VPT

Visakhapatnam Port Trust **- - -** **Applicant**

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Sunil Kumar Singh, Member (Economic)

O R D E R
(Passed on this 15th day of September 2021)

This case relates to the proposal dated 01 July 2021 received from the Visakhapatnam Port Trust (VPT) for fixation of lease rents of one of the Zones of VPT land at Salagramapuram Area i.e. Zone-8 under a new category viz. Non-port related activity category.

2.1. The revised lease rent for VPT lands at various Zones for the quinquennium 2018-2023 following the amended Land Policy Guidelines for Major Ports, 2014 was last approved by this Authority vide Order No.TAMP/30/2018-VPT dated 03 October 2018. The lease rent approved by this Authority was given retrospective effect from 01 April 2018 as sought by the VPT and validity was prescribed for 5 years i.e. till 31 March 2023. The Order was notified in Gazette of India on 30 October 2018 vide Gazette No.400.

2.2. In the said Order, this Authority has approved the following revised lease rentals for Lands at various Zones of VPT alongwith conditionalities:

1. **Schedule of Lease rent of the Visakhapatnam Port Trust Land.**

NEW ZONE NO.	Lease Rentals w.e.f. 01.04.2018		
	Residential (In ₹ Per sq. yd. per annum)	**Commercial (In ₹ Per sq. yd. per annum)**	**Industrial (In ₹ Per sq. yd. per annum)**
1A (Core operational Area)	**396**	**735**	**254**
1B (Near Convent Junction)	**528**	**1080**	**513**
2 (Fishing Harbour Area)	**462**	**630**	**271**
3 (Hilly Area)	**180**	**Nil**	**128**
4 (Industrial Area)	**330**	**516**	**179**
5 (Under Airport Area)	**334**	**900**	**181**
6 (Near National Highway Area)	**387**	**1283**	**217**
7 (Away from National Highway)	**279**	**828**	**185**
8 (Salagramapuram Area)	**1355**	**2175**	**171**
9 (Harbour Park Area)	**2520**	**2961**	**199**
10 (Bhimili Patnam Area)	**88**	**N.A.**	**72**
11 (Lankela palem Area)	**115**	**N.A.**	**48**

2. **Charges for right of way permission for laying Pipelines in VPT**:

Way leave charges for laying of Pipeline / Conveyors:	The rate as applicable for the category of the concerned zone of Industrial rates mentioned in Schedule-1above, as the case may be, for the area occupied by the Pipelines / Conveyors etc.

Note: For the purpose of Right of Way leave charges, the area occupied by single pipelines should be calculated based on the diameter and length of those pipelines. In case of multi-layer pipeline / conveyor stacks, the physical area occupied by the multilayer pipeline / conveyor stacks should be considered and the respective users should be billed on pro-rata basis. As far as underground pipelines are concerned, if the users establish that the possession of surface area above the underground cross-country pipelines is not physically with them, the area occupied by such pipelines should be considered as 50% of the diameter and length, for the purpose of levy of Right of way charges.

General Conditions:-

(1). All conditions governing the license fee/ lease rent / right of way charges shall be as per the amended Land Policy Guidelines of 2014 issued by the Ministry of Shipping, and as may be amended from time to time in respect of allotment of land/ space/ covered accommodation on License/ Lease basis.

(2). The revised rent approved for the quinquennium 2018-2023 will come into effect from 1 April 2018 and will be valid till 31 March 2023.

(3). If the low lying area developed by VPT and allotted on lease on Tender/ nomination basis, there may be an increase of 10% over the SOR.

(4). The lease rent prescribed in above schedule will be revised w.e.f. 01.04.2023 with the approval of Competent Authority.

(5). The lease rentals are subject to automatic escalation of 2% per annum (compoundable) on 1st April 2019 onwards.

(6). Zone 1A industrial rate will be applicable for the existing firms which are paying previously as per Scale of Rates.

(7). In respect of Port based captive industries having more than 50 acres of land there will be a discount on proposed SoR to the extent of 25%.

(8). For the extents of land with less than 500 sq.ft. built up area in case of existing occupiers/ licencees for multipurpose uses like petty shops, etc., useful to the VPT employees in residential colonies, 25% discount may be given on the Commercial rates of respective zones.

3. The VPT vide its e-mail dated 01 July 2021 under cover of its letter No.IENG/Estate/TAMP/925 dated 01 July 2021 has forwarded its proposal for fixation of lease rents for VPT land at Salagramapuram Area i.e. Zone-8 under a new category viz. Non-port related activity category. The highlights of the proposal filed by the VPT are as given below:

(i). The VPT has informed that vacant land of different size parcels of land bits to an extent of 54.76 Acs. is available from the year 2013 onwards due to dismantling of certain dilapidated structures like Port & DLB Residential Quarters/ Dispensaries/ Shopping Complex structures at Salagramapuram area in Zone-8 and could not generate any income since then.

(ii). In order to put the above said available vacant land into effective utilization and generation of revenue, the VPT had floated tenders fixing the reserve price as per the SOR under commercial category approved by TAMP for the quinquennium 2018-23.

(iii). But, no response was received even after 3rd call though large size parcels land bits have inherent benefits like Road connectivity, well developed area in prime location and is very near to the National Highway.

(iv). As there is no response to the Tenders called for, it was proposed to review various factors like assessing the valuation of VPT lands situated in Salagramapuram Zone-8 with realistic approach of land value with ground reality by appointing an approved valuer to find out a way on how to utilize the above said vacant lands and for revenue generation.

(v). In this direction, the valuation work for the vacant land available in the above said area was entrusted to the consultant valuation agency M/s.Bhaskar Design Team on 06 March 2021. The said agency after going through the details by taking into consideration the factors like size of plot, surroundings of the plots, accessibility and population, etc., have submitted the final report duly recommending the rate for the Zone-8, i.e. under Non-port related activity category at ₹827/- (excluding GST) per sq. mtr. per annum for the financial year 2021-22 with annual escalation @ 2%. A copy of the said report is furnished.

(vi). The above report was placed before Land Allotment Committee (LAC) headed by the Deputy Chairman and comprising of FA&CAO, Traffic Manager and Chief

Engineer during the meeting held on 19 May 2021. The LAC has made the following observation:

(a). The said vacant lands have been reclaimed on dismantling of the old dilapidated DLB & Port Quarters in Kailasapuram and in Salagramapuram during the period 2000-2018.

(b). The land area is located 7 kms away from the Port operational area and cannot be used for Port activities since the area is surrounded by hilly terrain on North side and with thick habitations on South side and amidst main city.

(c). As the land is surrounded by residential area there is always a higher chance for encroachments in the said vacant lands by miscreants which may lead to legal issues and any industry cannot be taken up in this area.

(d). Due to security requirement instead of revenue generation annual expenditure of ₹21.60 lakhs (3 Shifts x 3 persons x 30 days x 12 months @ ₹20,000 per month per shift) has to be incurred.

(e). EOI were called for the said lands from the year 2017 to 2020 and tenders were invited under commercial category. But, there has been NIL response from the bidders even after 3rd call. It was ascertained that due to high reserve price amount there were no participants.

(f). The said land area is of odd size and shape in nature, not suitable for many purposes. This was also one of the cause for NIL participation in the tender though it has proximity to City area and National Highway.

(g). Existing 30 feet and 40 feet road access to the plots needs to be widened suitably to have free vehicular movement, which is not in the ambit of Port but State Government.

(h). Moreover, Port lands are for lease only but in that area generally lands are for sale.

(i). The LAC suggested that due to the above points, this land area will be separately ear-marked and categorised as land for non-port related category. Also, the following are the 5 different market value of land considered by the LAC for Zone 8 as per LPG, 2015:

Sl. No.	**Method**	**Market value of land (₹ per sq.m.)**	**Lease rental at 6% of the market value for land (₹ crores per acre per annum)**	**Reference of consultant report**
1.	State Governments ready reckoner of land values in the area, with available for similar classification/ activities	50,160/- (This is outright sale price)	1.21	Section 6.00 of valuation conclusion
2.	Highest rate of actual relevant transactions registered in last 3 years in the Port 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	50,160/- (This is outright sale price)	1.21	Section 6.00 of valuation conclusion
3.	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	NA	NA (NIL Participation in the tender)	---

4.	Rate arrived at by an approved valuer appointed for the purpose by the Port.	13,775/- (Average rate arrived by the valuer)	0.33	Section 6.00 of valuation conclusion
5.	Any other relevant factor as may be identified by the Port	NA	NA	---

(j). Committee also took note of the then MOS communication issued by the Joint Secretary, MOS vide d.o. letter No.PD-13017/2/2014-PD.IV dated 08 July 2015. The said d.o. letter states 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.

(k). The Committee also took note of Notes given in 6.0 of the Valuer Report (Page: 66 of the Report).

(l). As land in this area cannot be used for direct Port related activities in any way, this shall be earmarked for Non Port activities zone, so that some revenue may be generated by leasing out these lands.

(m). Taking into consideration the above mentioned factors as the land at present is not generating any revenue, by reassessing the category and the rental value, it should be in the larger economical interest of the Port.

The Committee after considered view has recommended that by reassessing, the land could be utilized. Read with the valuation report dated 18 May 2021 of M/s.Bhaskar Design Team, the rate arrived by the consultants as reserve price with annual escalation of 2%, the LAC has recommended the following for approval of Board of VPT and then to TAMP for notification:

Location	Zone	Category	Consideration of land value as per SRO rate suggested by the valuer for lease (₹ per Sqm)	Lease rent in Sqm/ annum (for 2021-2022) (@ 6% as suggested by the valuer) (₹ per sq.mtr./ annum)
Salagramapuram Area	Z-8	Non port related activity	13,775	827.00 plus GST @ 18%

(vii). The VPT in its proposal has stated that Committee felt that due to proposal of shifting of AP State Capital to Visakhapatnam, the State Government may be inclined to acquire the area for office/ residential purpose and may give port land at some other place. But previous experience was very bad as they had taken good plain land and in turn gave port hills and they are of no use.

(viii). The VPT Board after going through the Agenda Item No.S3 (copy furnished) have resolved to consider for adoption of valuation of lands at Salagramapuram area i.e., Zone-8 under Non-port related activity category and approved lease rent at ₹827/- (excluding GST) per sq. mtrs. per annum for the Financial year 2021-22 with annual escalation @ 2% as per the recommendations of the Land Allotment Committee and accordingly to submit the proposal to TAMP for approval. The port has furnished a copy of Board Resolution No.15/2021-22.

(ix). In this backdrop, the VPT has filed the proposal for fixing a separate rate for Zone-8 of VPT land under non-port related activity at ₹827/- per sq. mtr. per annum for the financial year 2021-22 excluding GST with an annual escalation @ 2%. The port has sought approval/ notification by TAMP for the quinquennium 2018-23.

(x). The port has furnished the following along with its proposal:
(a). A copy of Valuer's Report.

(b). A copy of Minutes of Meeting of LAC dated 19 May 2021.

(c). A copy of Resolution of Board of Trustees of VPT approving the proposed rate.

4. In accordance with the consultative procedure prescribed, the proposal of VPT dated 01 July 2021 was forwarded to the concerned users/ user organisations/ lessees seeking their comments vide our letter dated 06 July 2021. The comments received from the users/ user organisations/ lessees were forwarded to the VPT as feedback information. The VPT has furnished its reply.

5. A joint hearing on the case in reference was held on 4 August 2021 through Video Conferencing. The VPT made a brief power point presentation of its proposal. At the joint hearing, the VPT and the concerned users/ organisation bodies/ lessees have made their submissions.

6.1. The proposal of the VPT seeks fixation of lease rent for Zone-8 land of VPT at Salagramapuram area under new category non-port related activity at ₹827/- per sq. mtr. per annum for the year 2021-22 with 2% annual escalation. The Land Policy Guidelines, 2015 prescribes revision of rates every five years. The lease rent of the VPT land last approved by this Authority vide Order dated 03 October 2018 was made effective from 01 April 2018 as proposed by the port and is valid till 31 March 2023.

6.2. The current proposal of the port does not explicitly mention the validity of the lease rent and conditionalities governing the proposed rate.

6.3. In this regard, the VPT vide our letter dated 6 August 2021 was, therefore, requested to communicate validity of the proposed lease rent and propose conditionalities governing the rate.

6.4. In response, the VPT vide its letter dated 11 August 2021 has brought out the following position:

(i). The validity of the lease rent i.e. proposed as separate rate to Zone-8 of VPT lands under non Port related activities at ₹827/- per sq. mtr. for the year 2021-22 excluding GST with annual escalation of 2% shall be in force upto the period ending 31.03.2023 only with the same conditionalities as prescribed in TAMP Order No.TAMP/30/2018-VPT dated 03.10.2018 in consonance with current quinquennium period of 2018-23.

(ii). VPT has earlier vide its letter No.IENG/ESTATE/TAMP/925 dated 01.07.2021 informed that vacant land of different size parcels to an extent of Acres 54.76 cts are available and due to un-utilisation of certain bits like playgrounds etc., further area of Acres 13.63 cts is also available thus totaling to Acres 68.39 cts (Acres 54.76 cts + Acres 13.63 cts) in Zone 8.

(iii). Therefore, the separate rate proposed after its approval by TAMP shall be implemented accordingly for Non-Port related activities in Zone-8.

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 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 existing Rent Schedule for the Land of Visakhapatnam Port Trust (VPT) at Visakhapatnam was last approved by this Authority vide its Order No.TAMP/30/2018-VPT dated 03 October 2018 for a period of five years. The Rent Schedule has come into effect from 01 April 2018 as sought by the VPT and is valid for a period of five years i.e. till 31 March 2023.

For determining the lease rentals for the VPT land in the said Order, the market value of the land was assessed by the VPT based on three out of five factors viz. (a) Andhra Pradesh State Government's Ready Reckoner, for the base year 2013, (b) highest rate of actual relevant transactions registered in three years in the Port's vicinity and (c) rate arrived at by an approved valuer. The lease rent recommended by the Land Allotment Committee (LAC) and approved by the Board of Trustees of the VPT was based on 6% of the market value of land assessed by the approved valuer for the reasons stated in the said Order. The said Order prescribes lease rent for Zones 1A, 1B, and Zones 2 to 11 for Industrial, Commercial and Residential purposes.

(ii). The current proposal filed by the VPT is for fixation of lease rents for VPT land at Salagramapuram Area i.e. Zone-8 under a new category viz. Non-port related activity category.

The VPT in its proposal has stated that vacant land of different size parcels of land bits to an extent of 68.39 Acs. is available from the year 2013 onwards due to dismantling of certain dilapidated structures like Port & DLB Residential Quarters/ Dispensaries/ Shopping Complex structures, non-utilization of certain bits of play grounds at Salagramapuram area in Zone-8.

In order to put the above said available vacant land into effective utilization and generation of revenue, the VPT had floated tenders fixing the reserve price as per the SOR under commercial category approved by TAMP for the quinquennium 2018-23. But, no response was received even after 3rd call though large size parcels land bits have inherent benefits like Road connectivity, well developed area in prime location and is very near to the National Highway.

In this backdrop, the port has undertaken the exercise to review the valuation of land situated in Salagramapuram Zone-8 based on realistic approach and considering the ground reality by appointing an approved valuer to explore the possibility to utilize the vacant lands and for revenue generation for the port.

It is in this backdrop, that the VPT has filed the proposal for fixation of lease rents for VPT land at Salagramapuram Area i.e. Zone-8 under a new category viz. Non-port related activity category. The proposal of VPT has the approval of its Board of Trustees.

(iii). (a). The Policy Guidelines for PGLM, 2015 clearly lays down the procedure and the methodology to be adopted for determining the market value of land and the latest Schedule of Rent (SOR) of the port lands.

(b). As per clause 11.2 (e) of the PGLM, 2015, a 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). VPT has constituted the LAC headed by the Deputy Chairman of VPT and Traffic Manager, FA & CAO and Chief Engineer as Members. Thus, the VPT has complied with the stipulation of the formulation of the LAC as per the PGLM, 2015.

(iv). As per Clause 13 (a) of the PGLM, 2015, 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.

(v). The port has engaged a land valuer to undertake valuation of the vacant port land at Zone 8 - Salagramapuram. The market value of the land is assessed for three factors viz. (a) Andhra Pradesh State Government's Ready Reckoner, for the base year 2013, (b) highest rate of actual relevant transactions registered in three years in the Port's vicinity and (c) rate arrived at by an approved valuer.

The market value of land as per State Government Ready Reckoner rate and highest rate of actual transaction both is assessed at ₹50,160/- per square meter. The lease rent applying 6% of the said market value of land comes to ₹2,995.05 per sq. mtr./ annum. The VPT has reported that there is no value of land under the highest accepted tender method. The approved valuer has considered various factors such as location, size of the plot and surrounds of the plot, accessibility and population and arrived at market value of land at ₹13,775 per square metre. Applying 6% on the market value of land, the valuer has suggested lease rent at ₹827/- per sqm./ annum.

(vi). (a). The LAC has for various reasons brought out in the earlier paragraphs observed that the parcels of land in Zone 8 Salagramapuram Area cannot be used for direct Port related activities in any way. Hence, LAC has earmarked for the Non Port activities zone, so that some revenue may be generated by leasing out these lands.

(b). The LAC has recommended lease rent of ₹827/- per sq.mtr. per annum for non-port related activity as suggested by the approved valuer. LAC took note of the d.o. letter dated 8 July 2015 of the Joint Secretary, MOS to the Major Ports which states 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. LAC can choose another factor with proper justification. Thus, the LAC has for the following reasons not chosen the highest lease rent of ₹2,955.05 per sq. mtr./ annum.

(i). The vacant lands have been reclaimed on dismantling of the old dilapidated DLB & Port Quarters in Kailasapuram and in Salagramapuram during the period 2000-2018.

(ii). The land area is located 7 kms away from the Port operational area and cannot be used for Port activities since the area is surrounded by hilly terrain on North side and with thick habitations on South side and amidst main city.

(iii). Since land is surrounded by residential area, there is always a higher chance for encroachments in the said vacant lands by miscreants which may lead to legal issues and any industry cannot be taken up in this area.

(iv). Due to security requirement instead of revenue generation, annual expenditure of ₹21.60 lakhs has to be incurred on providing security.

(v). EOI were called for the said land from the year 2017 to 2020 and tenders were invited under commercial category. But, there has been NIL response from the bidders even after 3rd call. It was ascertained that due to high reserve price amount there were no participants.

(vi). The said land area is of odd size and shape in nature, not suitable for many purposes. This was also one of the cause for NIL participation in the tender though it has proximity to City area and National Highway.

(vii). Existing 30 feet and 40 feet road access to the plots needs to be widened suitably to have free vehicular movement, which is not in the ambit of Port but State Government.

(viii). Moreover, Port lands are for lease only but in that area generally lands are for sale.

(vii). Based on the recommendation of the LAC, the Board of Trustees of the VPT has approved the lease rent of ₹827/- per sq. mtr. per annum for Zone 8 under non port related activity for the financial year 2021-22 with 2% annual escalation.

(viii). Most of the users like M/s.Integral Trading & Logistics, M/s.Bothra Shipping Services, Visakhapatnam Stevedores Association have appreciated the proactive step taken by the port for proposed lease rent for vacant land in Zone 8 under new category of non-port related activity. However, the trade has at the same time sought that the proposed lease rent should be reduced further.

In this regard, it is relevant to state that the lease rent for Zone 8 for residential and commercial category approved in October 2018 Order is ₹1355 per sq. yard per annum and ₹2175 per sq. yard per annum respectively. The prevailing lease rent after applying 2% annual indexation comes to ₹1438/- and ₹2308/- per sq. yard per annum respectively. The proposed lease rent of ₹827/- per sq. mtr. per annum for new category of land categorised as non-port related in Zone 8 is found to be much lower than the lease rent prescribed for residential and commercial category in the said Zone.

(ix). In the light of the analysis in the preceding paragraphs and bearing in mind that the LAC after review has recommended the market value of land and lease rent following the PGLM, 2015 and also recognizing that the Board of Trustees of VPT, taking into consideration the report of the LAC has approved the proposed lease rent for VPT land at Salagramapuram Area i.e. Zone-8 under a new category viz. Non-port related activity category at ₹827/- per sq. mtr. per annum, this Authority is inclined to approve the lease rent as proposed by the VPT.

(x). The VPT proposal based on the approval of its Board sought approval of lease rent of ₹827/- per sq. mtr. for the year 2021-22 with annual escalation of 2%.

The Land Policy Guidelines, 2015 prescribes revision of rates every five years. The lease rent of the VPT land last approved by this Authority vide Order dated 03 October 2018 was made effective from 01 April 2018 as proposed by the port and is valid till 31 March 2023. On being pointed out, the port has clarified that the validity of the proposed lease rent shall be till 31.03.2023 which is coterminous with the validity of the lease rent approved by this Authority for VPT land vide Order No.TAMP/30/2018-VPT dated 03 October 2018. Based on the approval of the Board of Trustees of the VPT for according approval of the lease rent for the financial year 2021-21, the lease rent approved by this Authority is made effective from 01 April 2021.

It is relevant here to state that Zone 8 forms part of the main lease rent schedule approved in October 2018 Order. Hence, it is appropriate to prescribe the validity of lease rent for new category under Zone 8 coterminous with the validity of lease rent prescribed in October 2018 Order i.e. till 31.3.2023 as per the clarification furnished by the port.

(xi). The port has stated that for the proposed lease rent the conditionalities as prescribed in TAMP Order No.TAMP/30/2018-VPT dated 03 October 2018 shall apply.

In this regard, it is relevant to state that the lease rent schedule approved in the said Order amongst other conditionalities stipulates that rent approved for the quinquennium 2018-2023 will come into effect from 01 April 2018 and is subject to automatic escalation of 2% per annum (compoundable) on 01 April 2019 onwards.

The lease rent approved in the current proposal is made effective from 01 April 2021 and next automatic annual escalation will be 01 April 2022. That being so, a separate schedule 3 is inserted prescribing lease rent for VPT land at Salagramapuram Area i.e. Zone-8 for non-port related activity category at ₹827/- per sq. mtr. per annum w.e.f. 01 April 2021 along with suitable notes relating to date of its applicability, next annual escalation and validity of the rates.

9.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves to insert the following Schedule of lease rent for Zone-8 Salagramapuram Area for non-port related activity in Order No.TAMP/30/2018-VPT dated 03 October 2018:

"3. Schedule of Lease rent of the Visakhapatnam Port Trust Land for Zone-8 Salagramapuram Area for non-port related activity.

NEW ZONE NO.	**Lease Rentals w.e.f. 01.04.2021**
	Residential (in ₹ per mtr. per annum)
8 (Salagramapuram Area)	827

Notes:

1. The rent approved will come into effect from 01 April 2021 and will be valid till 31 March 2023.

2. The lease rental is subject to automatic escalation of 2% per annum (compoundable) on 01 April 2022 onwards.

3. The other general conditions forming part of the Rent Schedule approved in the Order dated 3 October 2018 shall continue to govern the lease rent for Zone-8 Salagramapuram Area for non-port related activity."

9.2. The VPT is advised to accordingly amend the existing schedule of lease rent.

(T.S. Balasubramanian)
Member (Finance)

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

F.No. TAMP/38/2021-VPT - **Proposal from the Visakhapatnam Port Trust (VPT) for revision of lease rents to VPT lands at Salagramapuram Area i.e. Zone-8 under Non-port related activity category.**

A summary of comments received from the users/ user organisations/ lessees and reply furnished by Visakhapatnam Port Trust (VPT) thereon are tabulated below:

Sl. No.	Comments received from the users/ user organisations/ lessees	Reply furnished by VPT
1.	**Bhabha Atomic Research Centre (BARC)**	
(i).	BARC had entered into a Lease Agreement dated 29 August 2008 with VPT for a period of 30 years on payment of ₹6,44,87,588/- towards non-refundable upfront premium and ₹20,235/- as rent for one year. Therefore, BARC is not willing for any revision of lease rents upto the end of the present Lease Agreement.	The VPT land measuring Acrs 5.00 in Zone-XII (New Zone-8) was allotted to BARC for 30 years w.e.f.13.09.2006 on upfront mode. The upfront fee (lumpsum) for 30 years has since been paid by them in advance at the time of allotment. Hence, subsequent revision of SOR to VPT lands quinquennially by TAMP shall not become applicable in their case.
2.	**M/s.Indian Strategic Petroleum Reserves Ltd. (ISPRL)**	
(i).	ISPRL having lease of Land & Building for 30 years with VPT vide Lease/ License No.180000001. The said Land & Building is being used by us for accommodating Indo Tibetan Border Police Force, who are taking care of security activity of our installation.	No comments received from the port.
(ii).	ISPRL agreed with the proposal of VPT dated 1 July 2021 fixing the rate of rental @ ₹827/- (excluding GST) per sq. mtr. per annum for the year 2021-22 and requested for fixation of the rentals accordingly.	

2. A joint hearing on the case in reference was held on 4 August 2021 through Video Conferencing. The VPT made a brief power point presentation of its proposal. At the joint hearing, the VPT and the concerned users/ organisation bodies/ lessees have made the following submissions:

Visakhapatnam Port Trust (VPT)

(i). The port has 34.93 acres of vacant land in Zone 8 at Salagramapuram.

(ii). Tenders were invited based on TAMP approved rate. However, no response is received by the port even after 3rd call.

(iii). Since no response was received to the tenders called for, the port has decided to review the valuation of land for this zone based on realistic approach and considering the ground reality.

(iv). The port engaged a land valuer to undertake valuation of the vacant port land at Zone 8 - Salagramapuram.

(v). Lease Rent based as per State Government Ready Reckoner rate and highest rate of actual transaction comes to ₹2,995.05 per sq. mtr./ annum. There is no value of land under the highest accepted tender method.

(vi). Approved valuer has considered various factors such as location, size of the plot, surrounds of the plot, accessibility and population and arrived at market value of land at ₹13,775 per square metre. Applying 6%, the valuer has suggested lease rent at 6% on the market value of land at ₹827/- per sqm./ annum.

(vii). LAC did not choose the highest lease rent of ₹2,955.05 per sq. mtr./ annum for the reasons viz. location of the land is far away from the port, lying vacant for many years, no response to e-tenders called by the port, narrow approach roads, irregular parcel size of land, etc.

(viii). LAC has recommended lease rent of ₹827/- per sq.mtr. per annum for non-port related activity.

(ix). Board has approved the lease rent of ₹827/- per sq. mtr. per annum for Zone 8 under non port related activity for the financial year 2021-22 with 2% annual escalation.

M/s. Rain C-II Carbon India Ltd.

(i). Proposed lease rent is high. It is residential area. There is no habitation in that area.
(ii). Proposed rate is not viable.

M/s. Bothra Shipping Services

(i). We appreciate the proposal of port.

(ii). We were requesting port to consider usage, size of plot, characteristics of land for arriving at the value of land. This is first time the port has considered these factors for land valuation.

Visakhapatnam Stevedores Association

(i). We thank VPT for being proactive in filing the current proposal.

(ii). We are loosing cargo to private ports due to high rental.

(iii). Lease rental should not be linked to market value of land. Port Tariff should be competitive. This will generate revenue to the port.

M/s. Hindustan Petroleum Corporation Ltd.

(i). The said VPT land at Salagramapuram is far away from highway in interiors.

(ii). Land in the area has to be developed. Infrastructure has to be developed.

(iii). The proposed lease rate is high considering these factors.

(iv). It would be good if the rate is further reduced to say ₹500/- per sq. mtr/ annum.

(v). It is a welcome proposal.

(vi). The area is secluded. It is a pure residential zone. There is no scope to set up industrial activity.

(vii). We have Corporate Social Responsibility (CSR) activity for setting up hospital, etc. We have plans to utilize such land away from industrial zone. However, at the proposed lease rent, it is not viable for CSR activity.

(viii). Port may explore to bring down the rate further.

M/s. Indian Potash Ltd.

(i). The proposed rate is abnormal. Further, it is subject to 2% annual escalation.

Baba Atomic Research Center (BARC)

(i). We have entered into lease agreement with the VPT for 30 years and paid non-refundable upfront premium to the port. There is no scope for revision as per Lease Agreement entered by BARC with VPT.

[VPT Chairman: There is no impact to BARC, as they have paid on upfront basis.]

Visakha Container Terminal Pvt. Ltd. (VCTPL)

(i). Proposed rate is exorbitant. It should be brought down further to what the trade can bear.

(ii). People are afraid to take port land because of annual increase of 2% and revision in the rate based on market value of land every 5 year revision. In five years, we would have paid the land value itself.

M/s.Integral Trading & Logistics

(i). We appreciate the efforts of port.

(ii). Considering location of vacant areas, the land in this area can be put to use for hospital, education, residential quarters, etc.

(iii). Proposed rates are high and not workable.

Visakhapatnam Port Trust

(i). Land is lying vacant for many years. It is not generating revenue.

(ii). Unless we bring the rate down, there is no scope to allot land and generate revenue for the port.

(iii). Hence, the port has come up with this proposal.

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