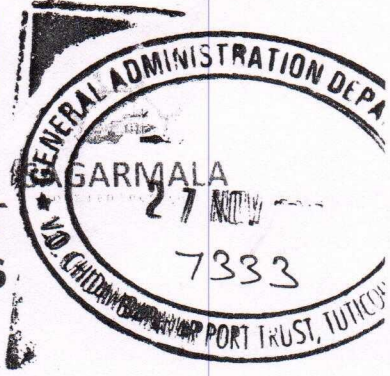




CER. No. 900
Date: 29/11/17



महापत्तन प्रशुल्क प्राधिकरण
TARIFF AUTHORITY FOR MAJOR PORTS

पोत परिवहन मंत्रालय, भारत सरकार
Ministry of Shipping, Govt. of India

आई.एस.ओ. 9001:2008 एवं आई.एस.ओ. 27001:2013 प्रमाणित ISO 9001:2008 and ISO 27001:2013 Certified

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Give a copy to me
28/11/17
No. TAMP/52/2017-VOCPT
22 November 2017
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28/11/17

To
The Chairman,
V.O. Chidambaranar Port Trust,
Harbour Estate,
Tuticorin-628 004.

Subject: Proposal received from V.O. Chidambaranar Port Trust (VOCPT) for revision of Lease Rent of Port Lands for a period of 5 years w.e.f. 01 July 2017 valid upto 30 June 2022 at V.O. Chidambaranar Port.

Sir,

This has reference to our letter of even number dated 7 June 2017 on the subject cited above.

2.1. This Authority has passed an Order on 14 November 2017 disposing of the proposal of the V.O. Chidambaranar Port Trust (VOCPT) on the subject cited above. Arrangement is being made to notify the Order bilingually in the Gazette of India. Formal communication in this regard will be sent once the Order is notified in the Gazette of India.

2.2. In the meanwhile, English version of the Order passed by this Authority is attached herewith for advance information.

3. This issue with the approval of the Competent Authority.

Yours faithfully,

Anuradha H. Sharma
(Anuradha H. Sharma)
Director

Encl.: As stated above.

770
30/11/17

CER. No. 100
Date: 25/1/17

REPUBLIC OF INDIA
MINISTRY OF PORTS AND AIRWAYS

THE PORT TRUSTS ACT, 1948
Section 10

IN pursuance of the powers conferred by sub-section (1) of section 10 of the Port Trusts Act, 1948, the following is the list of the members of the Board of Directors of the Port Trusts:

1. The Minister in charge of the Department of Ports and Airways.

2. The Director of Ports and Airways.

3. The Director of Shipping.

4. The Director of Marine Engineering.

5. The Director of Marine Administration.

6. The Director of Marine Insurance.

7. The Director of Marine Survey.

8. The Director of Marine Research.

9. The Director of Marine Education.

10. The Director of Marine Training.

TARIFF AUTHORITY FOR MAJOR PORTS

Case No. TAMP/52/2017-VOCPT

V.O.Chidambaranar Port Trust

...

Applicant

QUORUM:

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

ORDER

(Passed on 14th day of November 2017)

This case relates to the proposal received from V.O. Chidambaranar Port Trust (VOCPT) for revision of lease rent for port lands for a period of 5 years w.e.f. 01 July 2017 to 30 June 2022 at V.O. Chidambaranar Port. The VOCPT has filed the proposal under the amended Land Policy Guidelines, 2014 announced by the Ministry of Shipping (MOS).

2. The existing lease rent of VOCPT lands was last approved by this Authority vide Order No.TAMP/6/2012-VOCPT dated 4 April 2014 with 2% escalation every year which was notified in the Gazette of India on 21 May 2014 with Gazette no.156. The lease rent approved by this Authority was given effect retrospective effect from 1 July 2012 as sought by VOCPT and validity of the rent was for 5 years i.e. till 30 June 2017.

The lease rent approved by this Authority for the land in Port area belonging to the VOCPT w.e.f. 01 July 2012 till 30 June 2017 with 2% escalation every year is as under:-

Sl. No.	Purpose	(Rate in ₹ per sqm. per annum)		
		Zone -A	Zone B	
			Port related	Non-port related
1	Service / Residential	110.60	110.60	199.08
2	Industrial	221.19	221.19	398.14
3	Commercial	335.14	335.14	603.25

3. In this backdrop, the VOCPT has filed a proposal under cover of its letter No.E(C)-CIV-38/2/2017/EST/D.1310 dated 7 June 2017 for revision of lease rent of port land for a period of 5 years in reference. The highlights of the proposal are as given below:

- (i). The port awarded the work of computing the revised lease rent to M/s. KITCO Ltd., Govt. approved valuer, Cochin. M/s. KITCO submitted the report of land valuation of VOCPT.
- (ii). M/s.KITCO in the draft report has considered land valuation by using other relevant factors for consideration (as per Clause No. 13 (a) (v) of LPG 2014). [Port has subsequently submitted the final report of M/s. KITCO Ltd.]
- (iii). The land value assessed by the approved valuer in the draft Report is as follows:

(In ₹)

Sl. No.	Methodology	Zone	Category	Land Value (₹ sqm)	Lease / ₹ Sqm.
IA	State Government's ready reckoner	A	Residential	4150.00	249.0
			Commercial	9000.00	540.0
			Industrial	745.00	44.70
IB	State Government's ready reckoner	B	Residential	7700.00	462.0
			Commercial	20000.00	1200.00
			Industrial	4574.12	274.44
IIA	High actual transaction	A	Residential	NIL	NIL
		B	Residential	5034.00	302.05
		A	Warehouse	1200.00	72.00
IIIA	Highest Tender Cum Auction	A	Residential	NIL	NIL
			Commercial	5502.00	330.12
			Industrial	4001.00	240.06
IIA	Income approach / rent capitalization	A	Residential	3994.70	239.68
			Commercial	6902.80	414.17
			Industrial	5354.19	312.25
			Warehouse	6249.73	374.98
			Residential (port)	NIL	NIL
	Income approach / rent capitalization	B	Residential (non-port)	7989.41	479.36
			Commercial (non-port)	13111.10	786.67
			Warehouse (port)	10479.40	628.76
			Industrial (port)	9105.35	546.32
			Industrial (Non Port)	9615.77	576.95
IV	Income approach / rent capitalization *	Opt-1	Salt pan	314.06	18.84
			Salt pan	30.18	1.81
		Opt-2	Phosphoric acid tank	25201.9	2168.00
V	Whole Sale Index Method	A	Service / residential	2130.52	127.83
			Industrial	4260.86	255.65
			Commercial	6455.91	387.35
		B	Service / residential	3834.94	230.10
			Industrial	7669.50	460.17
			Commercial	11620.61	697.24

* The Report includes salt pan. VOCPT proposal for revision of lease rent does not mention about salt pan.

- (iv). M/s. KITCO, has recommended, revision of lease rent of VOCPT land based on the WPI method. The land value and lease rent at 6% of the proposed land value, recommended by the approved valuer is tabulated below:

(In ₹)

Sl. No.	Purpose	Area	Proposed land value / Sqm.	Proposed lease / Sqm / annum
1	Service / residential	Zone - A	2130.52	127.83
2	Industrial		4260.86	255.65
3	Commercial		6455.91	387.35
4	Service / residential	Zone - B	3834.94	230.10
5	Industrial		7669.50	460.17
6	Commercial		11620.61	697.24

- (v). (a). For the revision of lease rates, the VOCPT has constituted the Land Allotment Committee (LAC) under the Chairmanship of Deputy Chairman & Estate Officer, Chief Engineer and other Members. The other members of the LAC are Traffic Manager and Financial Adviser & Chief Accounts Officer of VOCPT.
- (b). The meeting of the LAC was held on 3 April 2017. The minutes of the LAC meeting is furnished by VOCPT. The Committee had detailed discussion in the meeting on the land value report furnished by M/s.KITCO. The Committee also had gone through the report and discussed the various methodologies for calculation of lease rent.
- (c). The main points made by the LAC for finalizing the lease rent for port lands are summarized below:
- (i). In the report, M/s.KITCO has arrived at land value and rates from different methodologies for different land users as listed below:
- (a). Methodology I (Guide line value as Clause No.13a(i) of LPG 2014)
- (b). Methodology II (Highest Actual Transaction as per Cl. No.13a(ii) of LPG 2014)
- (c). Methodology III (Highest Tender Cum Auction as per Cl. No.13a(iii) of LPG 2014)
- (d). Methodology IV (Income approach / Rent capitalization method as per Clause No.13 (a) (iv) of LPG 2014).
- (ii). In addition M/s.KITCO has worked out special rate for salt pan and special rate for Phosphoric Acid Tank with berth backup area. These proposals are being dealt with separately.
[There is no separate proposal filed by VOCPT till date for salt pan and for phosphoric Acid Tank]
- (iii). The lease rent arrived from different methodologies as per Land Policy Guidelines, 2014 for different land uses as considered by LAC is tabulated below:

(₹ / Sqm / annum)

Description	Lease rent approved by TAMP w.e.f. 01.07.2007 escalated rates as on 30.6.2016	Lease rent under various methods				
		Option - I State Government's ready reckoner	Option - II Highest actual transaction	Option - III Highest Tender Cum Auction	Option - IV By Approved valuer	
					(a) Income approach / rent capitalization	(b) Whole sale index method
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Zone-A						
Service	119.72	249.00	---	---	239.68	127.83
Commercial	362.77	540.00	---	330.12	414.17	387.35
Industrial	239.42	44.70	---	240.06	321.25	255.65

Ware house			72.00		374.98	
Zone-B (Port related)						
Service	119.72	462.00	302.05	---	---	---
Commercial	362.77	1200.00	---	---	---	---
Industrial	239.42	274.44	---	---	546.32	---
Ware house	---	---	---	---	628.76	
Zone-B (Non-Port related)						
Service	215.49	NA	NA	NA	479.36	230.10
Commercial	652.98	---	---	---	786.67	697.24
Industrial	430.96	---	---	---	576.95	460.17

- (iv). The LAC has stated that in existing SoR, only service category is stated. Now, service / residential has been stated by KITCO. However under Land Policy Guidelines 2014, rates are for open land and not for buildings. Hence, the rates are stated as service only. *[In the existing SOR, the first category is "Service / Residential. In the KITCO report "Residential" category is mentioned. There is no mention of "Service" category.]*
- (v). As per LPG 2014, Clause No. 13 (a) Allotment Committee may normally take into account the highest of the factors mentioned to determine the latest market value of Port land. In case the land allotment committee is not choosing the highest factor, the reasons for the same have to be recorded in writing.
- (vi). The LAC has noted that M/s.KITCO, has recommended Whole Sale Price Index Method for arriving revised lease rent for VOCPT by applying the WPI index 15.58%. M/s.KITCO has recommended to adopt Whole Sale Price Index method which is not the highest rate among the factors and reasons recorded by them are:
- (a). Lack of demand for land
 - (b). Limitation arising from short term tenure (30 years)
- (vii). The LAC also deliberated the following points:
- (a). During 2015-16 to 2016-17, the number of allotments made was very meager including short term allotments.
 - (b). Considering the highest accepted tender cum e-auction rate, it was observed that except in one tender, in other allotments, it did not fetch higher than the Reserve price.
 - (c). Users represented that adopting the same rate obtained in a single transaction is not correct.
 - (d). The purpose for which land allotted and utilized are not for similar business transactions.

- (e). The Committee observed that, since Major part of the cargo handled is Coal which is meant for Power Plants, the requirement of land for other cargoes in the near vicinity is less.
- (f). In respect of Traffic plots, in the recent past, due to poor response to tenders with reserve price based on Commercial rates / Industrial rates, Board decided to go for tender by fixing reserve price by adopting Service rate only. Even for that, the response was less, that too few allotments only.
- (viii). The Committee also noticed that, the methodology adopted by M/s.KITCO for revision of lease rent by Whole Sale Price Index method was proposed for Revision of Lease Rent by Cochin Port Trust has been approved by TAMP and Notified by TAMP vide G.No.304, dated 22nd July 2016.

(ix). **Recommendations of LAC:**

The rates arrived under various methods by M/s.KITCO and the recommendation of the valuer to adopt WPI rate may be placed before the Board for deliberation and decision on the rates to be adopted, in view of the above points and in light of the provisions of Clause No.13 (a) of Land Policy Guidelines 2014.

4. In accordance with the consultation process prescribed, a copy of the VOCPT proposal dated 7 June 2017 was circulated to the users/ user organizations/ long term allottees (as suggested by the VOCPT) seeking their comments. The comments received from the users/ user organisations/ long term allottees were forwarded to the VOCPT as feedback information. The VOCPT vide its letter dated 9 August 2017 and 19 September 2017 has furnished its reply on comments of the users/ user organisations/ long term allottees.

5.1. In response to our letter dated 23 June 2017, the VOCPT vide its letter dated 28 July 2017 has submitted the following:

- (i). The port has forwarded a copy of the final report of M/s.KITCO. The final report of Land Valuation of VOCPT submitted by M/s.KITCO had been forwarded to the Long Term Allottees on 26 July 2017 with a copy to TAMP.
- (ii). The VOCPT has further stated that the recommendation of LAC attached to the proposal for revision of lease rent forwarded by VOCPT vide letter dated 7 June 2017 was based on final report of KITCO.
- (iii). Apart from the three methods of land valuation considered as per amended LPG 2014 viz. State Government's ready reckoner, High actual transaction and Highest Tender Cum Auction, the approved

valuer has also assessed the land value under "other factors, under following two methods :

(a). **Income Approach/ Rent capitalization Method:**

Income approach of valuation is adopted for income fetching properties. Income derived from ground rent and other as rental income from building is considered. Since port has not developed the land nor constructed building on it for lease, ground rent part from the rental value of the building constructed is arrived by a model study of prudently suggested parameters (indicative of local market situation) like fair market rent and other economic parameters surveyed from the market. Under Rent capitalization method, considering the price of sales and rentals in the vicinity, appropriate ROI for port land under several categories of usage is estimated and capitalized for arriving the value.

(b). **Whole Sale Price Index Method:**

(i). Apart from the income approach which has been used to arrive at the value, the Wholesale Price Index is considered as a basis for the computation of the value of land belonging to the VOCPT. WPI for 2012 to 2016 is as given below:

Details	2012	2013	2014	2015	2016
All commodities	164.92	175.40	182.01	177.03	180.50

Based on the above figures, there has been an increase of 15.58% in the WPI for the five years between 2012-13 to 2016-17.

(ii). The Rationale for extending WPI to SORs on Lease Land is given below:

- LPG stipulates that fresh allotments should be on tender cum auction method.
- When the base price set with such a transparent price discovery further annual or five yearly hikes should also be on a well accepted and transparent mechanism.
- WPI is well accepted economic adjustment value in relation to base and can be the parameter for periodic revisions land lease as well.

(iii). However, differential pricing may be relevant when there is exponential demand or growth is at a tipping point.

(iv). The position obtaining in VOCPT are summarized below:

- VOCPT has specific issues.

- In view of the poor demand to fresh lease, the rising protests on increase for existing lease rentals and additional accretions of land year on year, the utilization has turned out poor at around 40% which is a major concern.
- A similar situation obtained at Cochin Port Trust where the Board has recommended for adoption of WPI Method which was accepted by TAMP and all stake holders.
- The Valuer has to depend on their judgment on the basis of a combination of market analysis under the income method, Demand and the Supply position, Whole sale Price index movement and conditions specific to the port to arrive at a sustainable revision of rentals. Market potential, willingness to pay and sustainability are key factors considered in arriving at the values.

(iv). The valuation of land in Zones A & B under various purposes in the final report of the approved valuer is tabulated below:

Sl. No.	Methodology	Zone	Category	Land Value (₹ / Sqm)	Lease / ₹ sqm
I A	State Government's ready reckoner	A	Residential	4150.00	249.0
			Commercial	9000.00	540.0
			Industrial	745.00	44.70
I B	State Government's ready reckoner	B	Residential	7700.00	462.0
			Commercial	20000.00	1200.00
			Industrial	4500.00	270.00
II A	Highest Actual Transaction	A	Residential	1810.00	108.60
			Commercial	7860.00	471.60
		B	Residential	15000.00	900.00
			Commercial	34000.00	2040.00
III A	Highest Tender cum Auction	A	Commercial	20066.00	1204.00
			Industrial	Nil	Nil
			Residential	Nil	Nil
IV A	Income approach / rent capitalization	A	Residential	3994.70	239.68
			Commercial	6902.80	414.17
			Industrial	5354.19	321.25
IV B	Income approach / rent capitalization	B	Residential (Port related)	Nil	Nil
			Residential (Non-Port related)	7989.41	479.36
			Industrial (Port)	9105.35	546.32
			Industrial (Non port)	9615.77	576.95
			Commercial (Non port)	13111.10	786.67

[The final report submitted by the approved valuer does not contain the valuation of warehouse, Salt Pan, Phosphoric Acid Tank categories]

(v). The KITCO in concluding para has recommended the following land value and lease rent at 6% of land value under the WPI method:

Sl. No.	Category	Area	Land Value ₹ / Sqm	Lease Rent ₹ / sqm
1	Service/residential (for Captive Use only)	Zone A & B	2130.52	127.83
2	Industrial	(Port	4260.86	255.65

3	Commercial	related)	6455.91	387.35
4	Service/residential Captive Use only)	(for Zone B (Non Port related)	3834.94	230.10
5	Industrial		7669.50	460.17
6	Commercial		11620.61	697.24

[The value of land recommended by LAC in the draft report and final report is under the WPI method and the valuation under this method is same in both under the draft report and the final report.]

- (vi). The port has furnished a copy of approval of the Board on revision of lease rent w.e.f. 1 July 2017 vide Resolution No.33 dated 7 July 2017. The highlights of the proceedings of the meeting of Board of Trustee of VOCPT are summarized below:
- The approved valuer has considered the various factors prescribed in the amended Land Policy Guidelines 2014 and has recommended lease rent under option V i.e. the lease rent arrived at by applying Wholesale Price Index method.
 - The rates recommended by the valuer are still higher than the present lease rates by 6.77% whereas port users are stating that the present lease rates are high.
 - Chairman has stated that option 5 indicated by the valuer by following the wholesale index method in respect of Residential, Commercial and Industrial allotments though reasonable, however, he instructed the Chief Engineer to verify the status of implementation of revised lease rentals in other port and also stated that it has been informed by the users in various forums that the existing rates itself are very high as compared to the availability of land at Town which had made them not to opt for the land at port.
 - After detailed deliberation, VOCPT Board has accorded approval for the rate at arrived by the Whole Sale Price Index Method recommended by M/s.KITCO for arriving at revised lease rent for VOCPT land with effect from 01.07.2017 valid upto 30.06.2022 with escalation of 5% p.a. and to submit the revised proposal to TAMP. Accordingly, the Board of Trustees of VOCPT has decided to modify the proposal already sent to TAMP vide letter dated 7 June 2017 which was based on the adopting the highest rate among the options given by valuer.
 - The rates approved by Board of Trustees of VOCPT are as under:

Sl. No.	Purpose	Rates proposed by VOCPT with effect from 01-07-2017 valid upto 30-06-2022 with escalation of 5% p.a.		
		Zone-A Port related (Rate in ₹/SqM/Annum)	Zone-B Port related (Rate in ₹/SqM/Annum)	Zone-B Non-Port related (Rate in ₹/SqM/Annum)
1	Service/Residential	127.83	127.83	230.10
2	Industrial	255.65	255.65	460.17
3	Commercial	387.35	387.35	697.24

5.2 Thus, the VOCPT has proposed revised lease rental as approved by the Board of Trustees of VOCPT.

6. A comparative position of lease rent approved by this Authority in the last Order No. TAMP/6/2014-VOCPT dated 4 April 2014, the lease rent as on 30 June 2017, the proposed lease rent and percentage increase in lease rent are given below for ease of understanding:

Zone	Purpose	Lease Rental approved vide Order dated 4 April 2014 effective from 1 July 2012	Lease Rental as on 30.6.2017 after applying 2% annual escalation	Proposed Lease Rental	% increase	
Zone-A	Service/Residential	110.60	119.72	127.83	6.78%	
	Industrial	221.19	239.42	255.65	6.78%	
	Commercial	335.14	362.77	387.35	6.78%	
	Port Related					
Zone-B	Service/Residential	110.60	119.72	127.83	6.78%	
	Industrial	221.19	239.42	255.65	6.78%	
	Commercial	335.14	362.77	387.35	6.78%	
		Non-port related				
	Service/Residential	199.08	215.49	230.10	6.78%	
	Industrial	398.14	430.96	460.17	6.78%	
	Commercial	603.25	652.98	697.24	6.78%	

7. From the VOCPT email dated 28 July 2017, it was not clear whether port has forwarded final report of Land Valuation of VOCPT submitted by M/s.KITCO and copy of approval of the Board to all the stakeholders consulted on the subject proposal. Hence, we have vide letter dated 3 August 2017 forwarded VOCPT email dated 28 July 2017 alongwith a copy of final report of Land Valuation of VOCPT of M/s.KITCO, copy of proposal of Board and revised proposal of lease rent of VOCPT based on the approval of Board to the concerned users/user organisations/long Term Allottees for their comments.

8.1. A joint hearing in this case was held on 10 August 2017 at the VOCPT premises. The VOCPT made a brief power point presentation of its proposal. At the joint hearing, the VOCPT and the concerned users/ organisation bodies/ prospective bidders have made their submissions.

8.2. As agreed at the joint hearing, the VOCPT was requested vide our letter dated 17 August 2017 with subsequent reminder dated 6 September 2017 to take action on the following points:

- (i) A copy each of written submissions made by Shri Vishnu Temple Committee alongwith other Temples, CSI Church, RC Church, Tuticorin Ship Agents' Association, TANGEDCO Ltd., SEPC Power Pvt. Ltd., Hindustan Petroleum Corporation Ltd., Tuticorin Port – Land Users Welfare Association (Zone - B), Tuticorin Salt & Marine Chemicals Ltd., Villavarayar & Son, Tuticorin Customs Brokers' Association, Tuticorin Stevedores' Association at the joint hearing was forwarded to the VOCPT requesting port to furnish its comments immediately.

- (ii). As requested by Tuticorin Ship Agent's Association (TSAA), 1 week time i.e. upto 17 August 2017 was granted to TSAA to furnish its comments to TAMP and to VOCPT. The VOCPT to furnish its comments within 3 days from receipt of comments of TSAA.
- (iii). (a). At the joint hearing, SEPC Power Private Limited and many users/ user organisations pointed out that State Government of Tamil Nadu has in June 2017 published guideline value of land with 33% reduction. The Port users requested the port to go by the reduced guide line value of land announced by the State Govt. Further, the users also objected to the increase proposed by VOCPT and the rate of annual escalation.
- (b). In view of the above points made by the users/ user organisations, VOCPT agreed to request the KITCO to examine the reduced guideline value of land by State Government as referred by users and submit its report immediately. The VOCPT also, agreed to review the annual escalation and to resubmit the proposal after KITCO examines the points and gives the report along with approval of Board of Trustees of VOCPT. The VOCPT was allowed 15 days time i.e. upto 25 August 2017 to resubmit the proposal along with Board approval as agreed by the port.

8.3. With reference to written submissions made by users / user organisations / lessees at the joint hearing, VOCPT vide its email dated 9 August 2017 has furnished its reply. Further, few users like Shri Vishnu Temple Committee alongwith other Temples, CSI Church, RC Church, Tuticorin Ship Agents' Association, TANGEDCO Ltd., SEPC Power Pvt. Ltd., Hindustan Petroleum Corporation Ltd., Tuticorin Port – Land Users Welfare Association (Zone - B), Tuticorin Salt & Marine Chemicals Ltd., Villavarayar & Son, Tuticorin Customs Brokers' Association and Tuticorin Stevedores' Association have furnished comments after the joint hearing a copy each of which was forwarded to VOCPT. The VOCPT has furnished its comments.

9.1. With reference to the third action point flowing from the joint hearing proceeding, the VOCPT has responded vide its letter dated 19 September 2017. The VOCPT has submitted the revised proposal alongwith the approval of its Board of Trustees. The port has also furnished a copy of Minutes of the Board Meeting held on 30 August 2017. The main submissions made by the VOCPT are as under:

- (i). The Board vide Resolution No.43 in its Meeting held on 30 August 2017 resolved that no revision in its existing rates and annual escalation will be 2% instead of 5% escalation proposed or the revised lease rentals to be submitted by M/s. KITCO whichever is less considering less demand.
- (ii). M/s. KITCO, the approved land valuer appointed for valuation of assets of VOCPT has also informed vide email dated 7 September 2017 that they do not expect any reduction in the values. Hence

there shall not be any revision in existing rates and escalation 2% p.a. The port has furnished a copy of email received from KITCO dated 7 September 2017.

9.2. The highlights of email dated 7 September 2017 furnished by M/s. KITCO with reference to the current proposal are as under:

- (i). As per SRP No.360, the guidelines value for all type of land has been reduced by 33% by Registration Dep. Of Govt. of TN. At the same time, stamp duty has been increased by 3%. Hence net benefit for buyer in monetary term is negligible. This may not affect the demand for commercial properties. Since the price of the properties are governed by the demand in the market, there may not be variation in price after the reduction. We have suggested that WPI method which is not based on guideline value, instead based on the demand of the property.
- (ii). Since there is no variation of rates, we do not expect any reduction in our values proposed. Also VOCPT may take a suitable decision on maintaining the rates existing as on 1 July 2016.

10. Subsequently, the VOCPT vide its email dated 26 September 2017 has furnished revised draft SOR. In the revised SOR, the port has considered the existing lease rent as on the date of expiry i.e. 30 June 2017 and applied 2% escalation in all the rates to arrive at the proposed lease rent as on 01.07.2017. The revised rates of lease / license of land proposed in port area belonging to the VOCPT from 1 July 2017 are as follow.

Sl. No.	Purpose	Rate in ₹ per Sqm. Per Annum		
		Zone "A"	Zone "B" Port related	Zone "B" Non-Port related
1.	Service / Residential	122.11	122.11	219.80
2.	Industrial	244.21	244.21	439.58
3.	Commercial	370.03	370.03	666.04

Notes :

- (i). The rent for the land allotted for the following Shops in Zone "B" (Non-Port related) under "Commercial Category" will be levied based on the rate prescribed in the above Schedule for Zone "B" (Non-Port related) "Service / Residential" category.

Sl. No.	Name of Shop
a.	Petty Shop and Stall
b.	Stackyard for Ice Fish
c.	Cycle Repair Shop
d.	Saloon
e.	Fishing Spare parts Store
f.	Petty Shop
g.	Shed for Stacking Yard – (i)
h.	Shed for Stacking Yard – (ii)
i.	Coir Shop
j.	Marine Spare parts – (i)
k.	Marine Spare parts – (ii)

- (ii). The rates prescribed above shall be applicable with effect from 1st July 2017 till 30th June 2022.

- (iii). The rates shall be escalated by 2% per annum with effect from 1st July 2018 till 30th Jun 2022.
- (iv). The other conditions governing the lease rental shall be as per the Land Policy Guidelines 2014 issued by the Ministry of Shipping, Government of India.

11. 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 be made available at our website <http://tariffauthority.gov.in>.

12. With reference to the totality of the information collected during the processing of the case, the following position emerges:

- (i). The existing Rent Schedule for V.O. Chidambaranar Port Trust (VOCPT) was last approved by this Authority vide Order No.TAMP/6/2012-VOCPT dated 4 April 2014. The lease rent approved by this Authority was given effect retrospectively from 1 July 2012 as sought by VOCPT and validity was prescribed for a period of five years i.e. till 30 June 2017. This Authority in the said Order had approved lease rentals for the two zones. Zone A & B for the purposes of Service/ Residential, Industrial and Commercial as proposed by the VOCPT.

Since the validity of the lease rent was to expire on 30 June 2017, the VOCPT initially filed the proposal dated 7 June 2017. The said proposal stated it was for the purpose of financial projections and the proposal was sent without approval of its Board so that consultation process could be initiated by this Authority.

Subsequently in July 2017, VOCPT furnished the proposal with approval of its Board of Trustees and final report of the approved valuer which is taken into consideration. In the said proposal, the VOCPT, based on the recommendation of LAC and approval of the Board of Trustees, has proposed the lease rental as arrived by the Government approved land valuer i.e. M/s.KITCO by adopting Wholesale Price Index Method. The port has sought revision of lease rent w.e.f. 1 July 2017 with a validity period of five years i.e. upto 30 June 2022 with annual escalation of 5% p.a.

- (ii). In the initial proposal, the port had, based on the recommendation of the LAC and approval of its Board, proposed lease rent which worked out to 6.78% increase over the existing escalated lease rent as on 30 June 2017. During the processing of the case, few users/ user associations, like SEPC, Tuticorin Alkali Chemicals and Fertilizers Ltd. (TACFL) and others pointed that the State Government of Tamil Nadu has in June 2017 reduced the guideline value by 33%. Hence, they requested the port to consider the reduced guideline value for arriving the valuation of the port land.

The users / user associations have also objected the annual escalation of 5% proposed by the VOCPT and requested to maintain at 2% as per the Land Policy Guidelines.

In view of the points made by the users/ user association, the VOCPT, agreed to request the Government approved valuer KITCO appointed by the port to re-examine the valuation of land at the reduced guidelines valuer referred by users and submit its report. The KITCO, after re-examining the valuation report, has maintained the valuation as per its final report stating that though the Government of Tamil Nadu has reduced the land value, it has increased the stamp duty cost and overall cost has not reduced much. The KITCO has further stated that since the price of the properties are governed by the demand in the market, there may not be variation in price after the reduction. The KITCO has also stated that they have recommended valuation on WPI method which is not based on guideline value and instead is based on the demand of the property. Since there is no variation of rates, the KITCO has not expected any reduction in the values proposed by them in the final report. The KITCO has, however, stated that the VOCPT may take a suitable decision on maintaining the existing rates.

The port has, in its final revised proposal of 19 and 26 September 2017 intimated that the Board of Trustees in its Meeting held on 30 August 2017 has resolved that no revision in its existing rates or the revised lease rentals to be submitted by approved valuer M/s.KITCO whichever is less, considering the less demand of the port land. Further, annual escalation approved by the Board of VOCPT is 2% instead of 5% escalation proposed earlier. As stated earlier, the approved valuer M/s.KITCO maintained status quo in its report for the reasons cited in the earlier paragraphs. Based on the approval of the Board, the VOCPT in its final proposal has proposed no revision in the existing lease rent and the annual escalation is proposed at 2%. Thus, the final proposal of port is lease rent as on 30 June 2017 escalated by 2% to arrive at the proposed lease rental as on 01.07.2017. The final revised proposal of VOCPT dated 19 and 26 September 2017 alongwith submissions made during the processing of the case are taken into consideration in the analysis of this case.

- (iii). Before proceeding to analyse this case, it is relevant here to state that some of the users/ user associations and lessees like DCW Ltd., M/s.SHV Energy Pvt. Ltd. etc. have filed writ petitions in the Hon'ble High Court of Madras with reference to the lease rent last revised by this Authority vide Order dated 4 April 2014, applicable for the 5 years period 01 July 2012 to 30 June 2017. So, the pending court cases filed by a few users/ user associations and lessees relate to the lease rent approved by this Authority vide Order dated 4 April 2014 whose validity of lease rent was prescribed till 30 June 2017.

The current proposal has been filed by the VOCPT for the subsequent period from 1 July 2017 onwards. As per the statute, this Authority is mandated to notify from time to time the rates and conditionalities for any property belonging to or in the possession or occupation of the concerned port trust. Further, clause 12 of the Working Guidelines issued by this Authority to operationalize the Tariff Policy, 2015 issued by the MOS stipulates that this Authority shall follow the Land Policy Guidelines issued by the Government from time to time for revision of lease rentals of Major Port Trusts. There is no direction or order from the Hon'ble Court of Madras/ Hon'ble Court of Madras at Madurai Bench in the Writ Petition filed by various lessees on the last Order of April 2014 restraining this Authority to undertake the statutory obligation of fixing the lease rents of VOCPT Lands for the period beyond the validity prescribed in the last Order i.e. beyond 30 June 2017.

As regards the point made by Thiagarajar Mills (P) Ltd. in their comments regarding pending court case filed by them with reference to demand for enhanced lease rent in 1998, the VOCPT has stated that the case is pending in the Hon'ble High Court. The VOCPT has clarified that the pending court case filed by Thiagarajar Mills (P) Ltd does not relate to the current proposal which is for revision of lease rent following the amended Land Policy Guidelines (LPG) 2014 which is for the period 1 July 2017 to 30 June 2022.

- (iv). (a). The amended Land Policy Guidelines 2014, clearly lays down the procedure and the methodology to be adopted for determining the market value 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.

The VOCPT has constituted the LAC under the Chairmanship of Deputy Chairman & Estate Officer, Chief Engineer, Traffic Manager, Financial Advisor and Chief Accounts Officer. Thus, the VOCPT has complied with the stipulation of the formulation of the LAC as per the amended Land Policy Guidelines, 2014.

- (c). As per Clause 13(a) of the amended 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 amended Land policy guidelines of 2014, the port shall file a proposal to this Authority 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) amended Land policy guidelines of 2014. If the market value of lease rent recommended is not the highest, the Board of Trustees of Port to record reasons for writing.

(d). The port has appointed a Government approved valuer to arrive at the proposed lease rent based on valuation of land under different methodology prescribed in the amended LPG 2014. Of the five factors prescribed in the amended Land Policy Guidelines, 2014 for arriving at the market value of the land, the approved valuer has assessed the market value of land based on (i). State Government's ready reckoner (ii). Highest rate of actual relevant transactions registered in last three years (iii). Highest accepted tender-cum-auction rate of Port land, (iv). Rate arrived at by an approved valuer. Under the method of valuation by approved valuer, M/s.KITCO has assessed valuation of land under income approach/rent capitalization Method and also under Wholesale Index Method.

(e). The VOCPT has assessed the value of land under the following methods:

(i). State Government ready reckoner of land values in the area:

Under the first option, the Port has considered Tamil Nadu State Government's ready reckoner Rates of 2012 for the land adjacent to the Port's lands, as made available in official website of Tamil Nadu. The valuation report states that the ready reckoner rate remained uncharged till its final report.

The approved valuer also highlighted that the guidelines value represents minimum value of land assessed for stamp duty for registration purpose. According to the valuer, the guideline value is lower than the prevailing market value. In a few places, the

guideline value may be unreasonably higher than the market value.

- (ii). Highest rate of actual relevant transactions registered in last three years in the port's vicinity:

Under this option, the land valuation report gives the value of land based on actual sale deed registered with the registrar pertaining to the years 2013 to 2016 covering areas such as Tuticorin Corporation, Meelavittan village and other nearby villages.

- (iii). Highest accepted tender cum auction rate of port land:

Under this option, the land valuation report gives the value of land based on latest tender cum action rate of port land for similar transaction which is accepted by Port Trust Board. The approved valuer has noted that four auction cases are available pertaining to the year 2012-2016.

The approved valuer has also noted that a downward trend prevail in the real estate market and sluggishness in growth of industry during the year 2014-2016 which is witnessed from the decrease in number of registration of industrial land compared to previous years during search of date published in Government website. This has been reflected in lower auction rates in succeeding years.

- (iv). Rate arrived at by an approved valuer:

- (a). Income approach / Rent capitalization method:

Under this option, the approved valuer has done valuation on the basis of income approach method / rent capitalization method after considering the influencing factors some of which are saving fund, present economic scenario, advantage of port near to landing berth, etc.

- (b). WPI method - Finally the Approved valuer has arrived at valuation of land under WPI method:
The approved valuer has considered the land valuation based on the Wholesale Price Index (WPI) Method. The approved valuer has noted that WPI is used as an important measure of inflation in India. Fiscal and monetary policy changes are greatly influenced by changes in WPI. WPI represents the price of goods at wholesale stage i.e. goods that are sold in bulk

and traded between organizations instead of consumers. WPI is an easy and convenient method to calculate inflation. The approved valuer has, in the report, stated that with regard to valuation of land of VOCPT, apart from the income method, the approved valuer has also used the WPI method as a basis for computation of value of land of VOCPT. The WPI considered by the approved valuer for assessing market value of land of VOCPT for the years 2012 to 2016 as per the valuation report is as given below:

Details	2012	2013	2014	2015	2016
All commodities	164.92	175.40	182.01	177.03	180.50

Based on the above figures, the valuer has concluded that there has been an increase of 15.58% in the WPI for the five years between 2012-13 to 2016-17.

The valuer has given the following rationale for extending WPI method for arriving at the lease rent for VOCPT land:

- (i). LPG stipulates that fresh allotments should be on tender cum auction method.
- (ii). When the base price set with such a transparent price discovery, further annual or five yearly hikes should also be on a well accepted and transparent mechanism.
- (iii). WPI is well accepted economic adjustment value in relation to base and can be the parameter for periodic revisions land lease as well.
- (iv). The position obtained at VOCPT is that the port has specific issues. In view of the poor demand to fresh lease, the rising protests on increase for existing lease rentals and additional accretions of land year on year, the utilization has turned out poor at around 40% which is a major concern.
- (v). The Valuer has to depend on their judgment on the basis of a combination of market analysis under the income method, Demand and the Supply position, Whole sale Price index movement and conditions specific to the port to arrive at a sustainable revision of rentals.

Market potential, willingness to pay and sustainability are key factors considered in arriving at the values.

- (vi). A similar situation obtained at Cochin Port Trust where the Board had recommended for adoption of WPI Method which was accepted by Authority and all stake holders for revision of lease rent of COPT land.
- (v). (a). Thus, based on the above justification, the approved valuer has recommended market value of land and lease rent based on WPI method. The valuation of land for zones A & B for various purposes in the final report of the approved valuer and lease rent arrived at 6% of the market value of land is tabulated below:

Sl. No.	Methodology	Zone	Category	Land Value (₹ / Sqm)	Lease ₹ / sqm / annum
I A	State Government's ready reckoner	A	Residential	4150.00	249.0
			Commercial	9000.00	540.0
			Industrial	745.00	44.70
I B	State Government's ready reckoner	B	Residential	7700.00	462.0
			Commercial	20000.00	1200.00
			Industrial	4500.00	270.00
II A	Highest Actual Transaction	A	Residential	1810.00	108.60
			Commercial	7860.00	471.60
		B	Residential	15000.00	900.00
			Commercial	34000.00	2040.00
III A	Highest Tender cum Auction	A	Commercial	20066.00	1204.00
			Industrial	Nil	Nil
			Residential	Nil	Nil
IV A	Income approach/ capitalization rent	A	Residential	3994.70	239.68
			Commercial	6902.80	414.17
			Industrial	5354.19	321.25
IV B	Income approach/ capitalization rent	B	Residential (Port related)	Nil	Nil
			Residential (Non-Port related)	7989.41	479.36
			Industrial (Port)	9105.35	546.32
			Industrial (Non port)	9615.77	576.95
			Commercial (Non port)	13111.10	786.67

- (b). However, for the reasons cited in the valuation report as given in the preceding paragraph, the approved valuer has recommended lease rent which is not based on the highest of the market value of land but based on the WPI method. The market value of land and the lease rent recommended by the LAC at 6% the market value of the land under the WPI method and approved by the VOCPT Board based on the recommendation of the LAC in its proposal dated 28 July 2017 is given below:

Sl. No.	Category	Area	Land Value ₹ / Sqm	Lease Rent ₹ / sqm / annum
1	Service/residential	Zone A & B	2130.52	127.83

2	Industrial	(Port related)	4260.86	255.65
3	Commercial		6455.91	387.35
4	Service/residential	Zone B (Non Port related)	3834.94	230.10
5	Industrial		7669.50	460.17
6	Commercial		11620.61	697.24

(vi). The recommendations made by Government approved valuer i.e. land valuation under WPI method which has been considered by the LAC and also approved by the Board of Trustees of VOCPT. The proposed lease rent worked out to 6.78% increase over the existing lease rent as on 30 June 2017. As stated earlier, users / user associations, like SEPC, Tuticorin Alkali Chemicals and Fertilizers Ltd. (TACFL) pointed out the State Government of Tamil Nadu has in June 2017 reduced the guideline value by 33% and requested the port to review the proposed lease rent.

As already brought out earlier, the port requested KITCO to re-examine the valuation of land at the reduced guidelines valuer referred by users and submit its report. The KITCO after re-examining the valuation report has maintained the valuation report submitted by it for reasons explained earlier.

The Board of Trustees of the VOCPT in its Board meeting held on 30 August 2017 has noted that during the joint hearing almost all the users have objected the revision proposed by the port and stated that during the last revision the increase in lease rent was abnormally high. The Board has noted that users have requested the port to revalue the land and the proposed lease rent after recognising the reduced guide line value announced by the State Government and also suggested to reduce the annual escalation proposed at 5% earlier to 2%.

The Board of Trustees has approved existing lease rent or the revised lease rent by KITCO whichever is lower. The port has in its final revised proposals of 19 and 26 September 2017 based on approval of the Board of Trustees in its Meeting held on 30 August 2017 has proposed no revision in its existing rates and has proposed annual escalation at 2% instead of 5%. Thus, the final proposal of port is lease rent as on 30 June 2017 escalated by 2% to arrive at the proposed lease rental as on 01.07.2017. A statement of lease rental approved by this Authority in April 2014 Order, the lease rent as on 30.6.2017 on the date of expiry and final lease rent proposed by VOCPT from 01.7.2017 after applying 2% annual escalation is tabulated below:

₹ / sqmtr / annum					
Zone	Purpose	Lease Rental approved vide Order No.TAMP/6/2014-VOCPT dated 4 April 2014 as on 1 July 2012	Lease Rental after applying 2% annual escalation as on 30 June 2017	Proposed Lease Rental	% increase
Zone-A	Service/Residential	110.60	119.72	122.11	2%
	Industrial	221.19	239.42	244.21	2%
	Commercial	335.14	362.77	370.03	2%

Zone-B	Port Related				
	Service/Residential	110.60	119.72	122.11	2%
	Industrial	221.19	239.42	244.21	2%
	Commercial	335.14	362.77	370.03	2%
	Non-port related				
	Service/Residential	199.08	215.49	219.80	2%
	Industrial	398.14	430.96	439.58	2%
	Commercial	603.25	652.98	666.04	2%

Thus, in short, the VOCPT has not proposed any increase in the lease rental except the applicable annual escalation of 2% which would otherwise be due on 1.7.2017. The amended LPG allows the Board of Trustees to approve lease rent other than the highest for reasons to be recorded in writing by the Board. The Board has furnished the reasons as explained above. Therefore, the lease rental as proposed by the port based on approval of the VOCPT Board, is approved.

- (vii). (a). As regard the point made by Tuticorin Ship Agents Association (TSAA) that the Valuation Report is hypothetical and KITCO have not considered the factual position while doing the land valuation, it is to state that appointment of approved valuer falls under the domain of the port. The port has confirmed that the KITCO is an approved Govt. valuer and has considered the land valuation based on actual transaction and details obtained from registration office. Further, KITCO has also clarified at the joint hearing that they have done extensive survey of VOCPT land at various sectors and arrived at land value under different methods. In any case, as stated earlier, the VOCPT in the final proposal has proposed the existing lease rent as on 30.06.2017 with 2% escalation on 01.07.2017.

As regards the point made by SEPC Power Private Limited that KITCO has rejected the 2012 land valuation, KITCO has stated that they have not at all considered previous valuation. KITCO has undertaken valuation of land independently. That being so, the point made by SEPC has been denied by the approved valuer KITCO.

- (b). As regards the point made by Tuticorin Salt & Marine Chemicals Ltd. (TSMC) that the proposed lease rents are exorbitant and unviable and rent works out to ₹2,000/ tonne as against cost of product at ₹4,00/ tonne, the VOCPT has clarified that land allotted for salt industry does not fall under the current proposal. The port has decided to file a separate proposal in this regard.
- (c). As regards the point made by the Tuticorin Stevedores Association that application of Land Policy Guidelines at VOCPT may not be correct as the land at VOCPT cannot be treated at par with lands of other Major Port Trusts, it is relevant to state that the scope of amended Land Policy

Guidelines, 2014 at para 5 states that the said Guidelines are applicable for all Major Ports except for the land relating to the Township areas of Kandla, Mumbai and Kolkata Ports. Both the Major Ports and this Authority are governed by the amended Land Policy Guidelines, 2014 for fixation of lease rent. The amended Land Policy Guidelines, 2014 prescribes the broad methodology and factors to be considered for valuation of land. Each Major Port is bound to follow the methodology prescribed in the Land Policy Guidelines to assess the market value of land and propose lease rent with the approval of its Board. The VOCPT has complied with the provisions of amended Land Policy Guidelines, 2014.

- (viii). Vishnu Temple Committee has requested to continue the existing rent of Re.1 and exempt all religious institutions from the purview of revision of lease rent. Sri Siddhi Vinayagar Thirukkovil has also made similar request to the port. The port has also stated that it has already referred to the Ministry of Shipping and have not offered comments. As rightly stated by VOCPT, it is not relevant for fixation of lease rental rates, and it is outside the purview of the same.
- (ix). M/s. International Cargo Terminals and Infrastructure Pvt. Ltd. have stated that it has paid upfront premium to Port Trust for period of lease deed upto 31.12.2023. Therefore, they are not impacted by the current proposal for revision of lease rent of port lands. The port has also confirmed that revision of lease rental shall not apply to the firm till 31 December 2023. As regards, HPCL also, the VOCPT has clarified that the current proposal of lease rent revision with effect from 1 July 2007 is not applicable in respect of the allotment made to HPCL since the allotment has been made on upfront basis for the period from 1 June 2016 to 31 May 2045 for 29 years.
- (x). Tuticorin Port Land User's Welfare Association (TPLUWA) have stated that their members are using the land for fishing community. They are tribal community and doing small business. Hence, it has requested Port to treat the area allotted to fishing community as a special area and charge a nominal fee. Even during the last revision, in view of similar request made by the TPLUWA, the port had proposed a note that for the land allotted at Zone 'B' (Non- Port Related) for Commercial category, the lease rent as applicable to service purposes under classification Zone-B (Non-port related) shall be levied taking into account the economically backward nature of small petty shops for the following 11 categories:

Sr. No.	Name of Shop
a.	Petty Shop and Stall
b.	Stackyard for Ice Fish
c.	Cycle Repair Shop
d.	Saloon
e.	Fishing Spare parts Store
f.	Petty Shop
g.	Shed for Stacking Yard-(i)
h.	Shed for Stacking Yard-(ii)

i.	Coir Shop
j.	Marine Spare parts-(i)
k.	Marine Spare parts-(ii)

The port has in the final draft SOR proposed to retain the proposed note. The same is approved. In any case, the port has maintained status quo in the rates except for the 2% annual escalation in lease rent.

- (xi). Some of the users /lessees have requested for reclassification of the lands allotted to them. DCW Ltd and SHV Energy Pvt. Ltd. have requested that their land should be re-classified under "industrial" and not under "commercial". SEPC Power Private Ltd. (SPPL) has stated that NTPL and SEPL have in fact been classified as different types of user altogether. Land has been leased to SPPL for Power Plant and have been classified as 'Industrial" while TANGEDCO and NTPL have been classified as "Service" for the same land use of Power Plant. SEPC has, therefore requested to be categorized under "Service" as is done for similar land users such as TANGEDCO and NTPL.

With reference to the points made by users/ lessees about classification of land, it is relevant here to mention that the mandate of this Authority is to fix the Scale of Rates and conditionalities governing the rates for the use of port trusts land. This Authority determines lease rent for the Port trusts land following the applicable land policy guidelines. The issue about classification of land is beyond the jurisdiction of this Authority and hence it is not possible for this Authority to interfere in the matter of classification of the land by the concerned Major Port Trusts in individual cases. Even the port has during the joint hearing categorically stated that classification of land does not fall under the TAMP domain. Classification of land falls under the domain of the port.

- (xii). Clause 13(c) of the amended 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.

As stated earlier, the port has in its final revised proposed annual escalation of 2% based on the approval of its Board. The port has proposed a note that rates shall be automatically escalated by 2% per annum w.e.f. 1 July 2018 till 30 June 2022. Since the annual escalation in lease rent at 2% is approved by the Board and is found to be in line with the amended Land Policy Guidelines, 2014, the proposed note is approved as proposed by VOCPT.

- (xiii). The port has proposed a note that the other conditions governing the lease rental shall be as per the Land Policy Guidelines 2014 issued by the Ministry of Shipping, Government of India. The proposed note is approved subject to slight modification to state that all the conditions governing the lease rental shall be as per the amended

Land Policy Guidelines 2014 issued by the Ministry of Shipping, Government of India and as is amended from time to time.

- (xiv). (a). The VOCPT has sought approval of lease rent retrospectively from 1 July 2017 with a validity period of five years i.e. till 30 June 2022.

A few users have requested that revision in Lease rents may be given prospective effect from the date of notification of the Order in the Gazette and not retrospective from 01.07.2017.

Section 49 of the Major Port Trusts Act, 1963 calls for fixation of rates from time to time. For fixation of lease rent, this Authority is bound by the Land Policy guidelines issued by the Government for arriving at the lease rental for Major Port Trusts land. Clause 13(c) of the Amended Land Policy Guidelines of 2014 stipulates that the Scale of Rates will be revised every five years.

The lease rent approved by this Authority in the last tariff Order of April 2014 clearly mentions that the rates are effective from 1 July 2012 and will remain valid till 30 June 2017 and SOR will be reviewed after five years. The position that the lease rentals for the lands of VOCPT will be reviewed after expiry of five years i.e. from 1 July 2017 is in the knowledge of all the stakeholders. The VOCPT has accordingly sought approval to the revised rates retrospectively w. e. f. 1 July 2017 for the quinquennium 2017-2022.

In view of the clear Government guidelines in this regard, and also recognizing that lease rentals prescribed in the past is with retrospective effect based on the proposal of the VOCPT, the proposal of VOCPT to consider revision of lease rents at VOCPT retrospectively is approved. In fact, it is relevant to mention here that this approach is being followed not only in the case of the VOCPT but also in the other Major Port Trusts like NMPT, VPT, MOPT, etc. while revising the lease rent or port land. In this case of VOCPT, according retrospective effect does not have any impact as such because lease rent approved is the existing lease rent as on 30 June 2017 with 2% annual escalation allowable as per the amended Land Policy Guidelines, 2014 so to arrive at the revised lease rent as on 1 July 2017.

The port has proposed a note that rates prescribed will come into effect from 1 July 2017 and will be valid till 20 June 2022 which is approved.

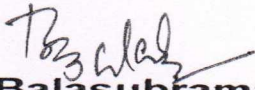
- (b). It is also made abundantly clear that the revised rates approved by this Authority with retrospective effect from 1 July 2017 based on the proposal filed by the VOCPT can

apply in the existing leases subject to provision for periodic revision of rents agreed in the surviving lease agreements and it is for the VOCPT to ensure that all the leases/ licences granted by VOCPT contain a suitable provision regarding retrospective revision of lease rentals.

13.1. In the result, and for the reasons given above, and based on application of mind, this Authority approves the revised lease rentals for estate of VOCPT alongwith the conditionalities attached as **Annex**.

13.2. The revised lease rent approved shall be effective from 1 July 2017 as proposed by the VOCPT and shall remain valid for period of five years i.e. till 30th June 2022.

14. The VOCPT is directed to amend the Schedule of Lease Rent accordingly.


(T.S. Balasubramanian)
Member (Finance)

V.O.CHIDAMBARANAR PORT TRUST

**Scale of Rates for Lease / License of land in Port area belonging to the
VOCPT from 1st July 2017**

Sl. No.	Purpose	Rate in ₹ Per Sqm. Per Annum		
		Zone "A"	Zone "B"	
			Port related	Non-Port related
1.	Service/Residential	122.11	122.11	219.80
2.	Industrial	244.21	244.21	439.58
3.	Commercial	370.03	370.03	666.04

Note :

- (i). The rent for the land allotted for the following Shops in Zone "B" (Non-Port related) under "Commercial Category" will be levied based on the rate prescribed in the above Schedule for Zone "B" (Non-Port related) "Service / Residential" category.

Sr. No.	Name of Shop
a.	Petty Shop and Stall
b.	Stackyard for Ice Fish
c.	Cycle Repair Shop
d.	Saloon
e.	Fishing Spare parts Store
f.	Petty Shop
g.	Shed for Stacking Yard-(i)
h.	Shed for Stacking Yard-(ii)
i.	Coir Shop
j.	Marine Spare parts-(i)
k.	Marine Spare parts-(ii)

- (ii). The rates prescribed above shall be applicable with effect from 1st July 2017 till 30th June 2022.
- (iii). The rates shall be escalated by 2% per annum with effect from 1st July 2018 till 30th June 2022.
- (iv). All other conditions governing the license fee/ lease rent 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.

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V. CHUMBARA PART TRUST

As per the terms of the trust deed, the trustee is required to pay the following amounts to the beneficiaries as follows:

Sl. No.	Name of Beneficiary	Amount
1.	Mr. V. Chumbara	Rs. 10,00,000/-
2.	Mr. V. Chumbara	Rs. 10,00,000/-
3.	Mr. V. Chumbara	Rs. 10,00,000/-

The trustee is required to pay the above amounts to the beneficiaries as follows:

Sl. No.	Name of Beneficiary	Amount
1.	Mr. V. Chumbara	Rs. 10,00,000/-
2.	Mr. V. Chumbara	Rs. 10,00,000/-
3.	Mr. V. Chumbara	Rs. 10,00,000/-

The trustee is required to pay the above amounts to the beneficiaries as follows:

Sl. No.	Name of Beneficiary	Amount
1.	Mr. V. Chumbara	Rs. 10,00,000/-
2.	Mr. V. Chumbara	Rs. 10,00,000/-
3.	Mr. V. Chumbara	Rs. 10,00,000/-