

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)
Tariff Authority for Major Ports

G.No. 252

New Delhi,

03 July 2020

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), had disposed of the proposal received from the Jawaharlal Nehru Port Trust (JNPT) for fixation of Scale of Rates for the Estate of JNPT on 01 June 2020. However, considering the time involved for notifying the (Speaking) Order along with the Scale of Rates approved by this Authority, this Authority decided to notify only the Scale of Rates for the Estate of JNPT immediately. Accordingly, the Scale of Rates for the Estate of JNPT approved by this Authority on 01 June 2020 was notified in the Gazette of India on 18 June 2020 vide Gazette No. 219. It was stated in the said Notification that this Authority will notify the Speaking Order, in due course of time. Accordingly, this Authority hereby notifies the Speaking Order connected with disposal of the proposal of the JNPT for the Estate of JNPT, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/44/2019- JNPT

Jawaharlal Nehru Port Trust

...

Applicant

QUORUM

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

ORDER

(Passed on this 1st day of June 2020)

This case relates to the proposal received from Jawaharlal Nehru Port Trust (JNPT) for revision of Scale of Rates of Estate of JNPT.

2.1. The base rates of the existing estate related charges of JNPT have not been reviewed by this Authority after its constitution in the year 1997 as no proposal in this regard was filed by the JNPT.

2.2. This Authority vide its Order no. TAMP/48/2005-JNPT dated 28 September 2006 had advised JNPT to file its proposal to review its estate rentals in the light of the Land Policy Guidelines of 2004, within 4 months. To this, the JNPT sought further six months time for submission of its proposal, on the ground that it would take some time to finalize the proposal, based on the Consultant's report. The request of JNPT was acceded to.

2.3. Since no proposal was received from JNPT, the matter was continuously followed up with JNPT. On the last occasion, the JNPT was again requested vide our letter no. TAMP/62/2012-JNPT dated 05 November 2018 to formulate its proposal based on the stipulations contained in the Land Policy Guidelines of 2014, and to forward the same to us, latest by 31 December 2018. A copy of the said letter was also endorsed to the Ministry of Shipping (MOS).

3.1. In this backdrop, the JNPT vide its letter no JNP/FIN/FA/2019/5970 dated 20 August 2019 has filed a proposal for revision of Scale of Rates of Estate of JNPT.

3.2. The main submissions made by the JNPT are given below:

- (i). The proposal is for revision of Rate Structure of Land – fixing of Reserve Price/ Market Value for lease rental for all categories at Jawaharlal Nehru Port Trust (JNPT), under Land Policy Guidelines, 2014.
- (ii). Rate structure of JNPT land was approved and notified by TAMP vide notification No TAMP/48/2005-JNPT dated 28 September 2006. Therefore, the present Land related scale of rates of JNPT were due for revision.

[The relevant extract of the Scale of Rates regarding Estate related charges in the case of General Revision of SOR as approved by the Authority vide Order dated 23 September 2006 is furnished by JNPT.]

- (iii). The government approved valuer M/s Kanti Karamsey & Co was appointed for valuation of land. On the basis of Land Valuation Report submitted by Valuer, the Land Allotment Committee recommended the proposed scale of rates and submitted the same before the Board of Trustees for approval.

3.3. On perusal of the LAC report submitted by the JNPT along with proposal, the following points emerge:

- (i). In the LAC report, it is reported that 8588 Acres of land is under JNPT. The major categorization of above 8588 acres of land use are as follows:

Sr No	Land use	Area (acres)
1	Port operational area (existing and proposed)	1205.02
2	Green zone	589.73
3	Mangrove	2854.49

4	Future proposed (SEZ and Bio diesel)	742.55
5	Leased storage (Tank Farms & CFS)	210.03
6	Infrastructure (Roadway, Railways, Public and Semi Public offices, Social Infrastructure, Residential, Gramathana's, Parking's)	1749.80
7	Unutilized land	906.70
8	12.5% scheme	134.42
9	Salt Pan	134.42
10	Air Force	60.60
11	Total	8588.00

- (ii). The existing land lease rates effective from 01 January 2019 to 31 December 2019 are as follows:

Sr. No.	Item	Unit	Rate (Rs)
1	License Fee for office accommodation allotted to agencies, commercial agencies, banks, Government anywhere in the Port except the Old building of JNPT and Township area	Per Sq.Mtr. Or part thereof per month or part thereof	331.60 plus Rs.333.36 per month premium
2	License fee for office accommodation allotted to various agencies in the old buildings of JNPT	do	169.40
3	License fee for open space allotted to		
	(A) All lessees other than Government Dept		
	(a) Developed Space		
	(i) Inside Port operational area	do	31.88
	(ii) Outside Port operational area		27.90
	(b) Undeveloped Space		
	(i) Inside Port operational area		27.90
	(ii) Outside Port operational area for construction and maintenance of warehouse for import and export of cargo		13.92
	(iii) Outside Port operational area for any purpose other than mentioned above in Section 1-3(A) (b) (ii)		49.83
	(B) Government Departments		
	(a) Developed Space		
	(i) Inside Port operational area	do	13.59
	(ii) Outside Port operational area	do	13.92
	(b) Undeveloped Space		
	(i) Inside Port operational area		13.92
	(ii) Outside Port operational area for		11.93
4	Rent for residential Accommodation allotted in Port Township to:		
	(A) Employees of other Government Agencies and Public Sector undertakings	A' Type	1300
		B' Type	2000
		C' Type	2600
	(B) Employees other than mentioned above	A' Type	2800
		B' Type	3700
		C' Type	4800

Note : The License Fee for office accommodation allotted to agencies, commercial agencies, banks, Government anywhere in the Port except the Old building of JNPT and Township area is charged @ Rs.331.60 per sq.mtr or part thereof per month plus a premium of Rs.333.36 per month. The premium of Rs.333.36 per month is chargeable from 1st April 2015 after approval from competent authority.

- (iii). The LAC has considered the following aspects to arrive at annual lease rent, based on the following four factors, each of which is discussed below:
- (a). The value of land as per the **Maharashtra Government Ready Reckoner – 2017**, in the vicinity of JNPT, especially four villages Dongri, Bokadvira, Sonari and Jaskhar for the developed open space are as follows.

Village	Rate ₹ per sq.mt	Rate ₹ per sq.mt	Rate ₹ per sq.mt	Rate ₹ per sq.mt
	Open Land	Residential Built up	Commercial Built up	Industrial Built up
Dongri	1650	20,500	33,000	26000
Bokadvira	1650	20,500	33,000	26000
Sonari	1650	20,500	33,000	26000
Jaskhar	1650	20,500	33,000	26000

(b). As per the second factor of **highest rate of actual relevant transactions registered in the last three years** in the ports vicinity, the details are as follows:

Sr. No.	Type of Doc.	Date Of Registration	Address	Area (Sqm)	Agreement Amount (₹)	Stamp Duty Value (₹)	Rate per Sqm (₹)
Jasai Sr No 1-7 Dongri Sr No 8 and Bokudveera Sr No 9 and 10							
1	Sathekhat	17-03-2016	Land bearing Survey no. 180, Hissa no. 6, village Jasai, Tal. Uran, Dist. Raigad	200	1,30,000	4,80,000	650
2	Sale Deed	09-12-2016	Land bearing Survey no. 41, Hissa no. 2, village Jasai, Tal. Uran, Dist. Raigad	2,380	52,00,000	50,39,000	2,185
3	Sale Deed	15-05-2017	Land bearing Survey no. 116, Hissa no. 6B, village Jasai, Tal. Uran, Dist. Raigad	590	4,50,000	17,99,500	763
4	Lease Deed	14-02-2018	Land bearing Survey no. 205, Hissa no. 5, 206/1 & others village Jasai, Tal. Uran, Dist. Raigad	40,815	3,70,00,000	1,88,06,000	907
5	Sale Deed	05-03-2018	Land bearing Survey no. 193, Hissa no. 1/B, village Jasai, Tal. Uran, Dist. Raigad	150	5,00,000	9,35,000	3,333
6	Sale Deed	19-04-2018	Land bearing Gat no. 75/1 & other, village Jasai, Tal. Uran, Dist. Raigad	21,705	4,00,00,000	2,36,53,000	1,843
7	Sale Deed	25-06-218	Land bearing Survey no. 137, Hissa no. 1 & others, village Jasai, Tal. Uran, Dist. Raigad	22,970	8,50,00,000	2,93,97,500	3,700
8	Sale Agreement	04-08-2018	Flat no. 102 on 1st floor Evalushan Apartment, Sector - 52, village Dronagiri, Tal. Uran, Dist Raigad	20	14,50,000	9,17,748	73,942
9	Sale Deed	21-12-2016	Land bearing Survey no. 142, Hissa no. 1/A, village Bokadvira, Tal. Uran, Dist. Raigad	2,200	3,30,000	8,80,000	150
10	Sale Deed	10-02-2017	Flat no. F-7/3, on 3rd floor, Building no. 7, Vidyasagar CHS Ltd., Sector-30, village Bokadvira, Tal. Uran, Dist. Raigad	54	31,00,000	36,34,000	57,122

The Rate based on the above relevant transactions in sale of large parcel in the vicinity (Jasai, Dongri and Bokudveera) has been considered and results are tabulated as follows;

	Date	Area	Sale Amount	Rate /Sq mt	Rate @ 6% per annum Return
Sale Deed	09-12-2016	2,380	52,00,000	2,185	131.10
Sale Deed	19-04-2018	21,705	4,00,00,000	1,843	110.58
Sale Deed	25-06-2018	22,970	8,50,00,000	3,700	222.00
Sale Deed	21-12-2016	2,200	3,30,000	150	9.00

The highest Market Value of the above Sale deeds is ₹ 3700 per Sq. Mtr.

- (c). With reference to the third factor of **highest accepted tender-cum-auction rate of port land for similar transactions**, JNPT has recently allotted land on e-tender cum e-auction basis for allotment of land for establishment of liquid storage Tanks and the maximum rate is ₹. 3270 per Sq mt per annum and minimum rate is ₹. 2500 per Sq mt per annum. There are five plots and the weighted average works out to ₹. 3043 per Sq mt per annum. The Details are as follows:

Sr.No	Name of Agency	Plot No.	Area Sq.mtrs	Reserve price for e-auction	Rate ₹	Lease rent for 1 st year Amount (₹)
02	M/s Suraj Agro Infrastructure(India)Pvt.Ltd.	03	14000	1870.00	3270.00	4,57,80,000.00
03	Deepak Fertilizers and Petrochemicals Corporation Ltd	04	17500	1870.00	3020.00	5,28,50,000.00
04	Frigorifico Allana Private Ltd,	06	18000	1870.00	3060.00	5,50,80,000.00
05	Liberty Oil Mills Limited	11	5200	1870.00	2500.00	1,30,00,000.00
TOTAL			55400			16,86,35,000.00

[₹ 168635000/ 55400 Sq. Mtr. = ₹ 3043]

- (d). (i). JNPT has appointed a valuer to carry out the valuation of land and the Valuer has arrived at the land rate.
- (ii). According to valuer, as per the findings from the market research it is understood that the residual land rates for undeveloped land ranges around ₹ 20,000 to ₹ 50,000 per Sq. Mts. of land in a vicinity of around 3 to 4 kms of subject property. Some of the key influencing factors considered for arriving at the fair market value of the said land parcel in the present state at surrounding villages, Tehsil Uran & Dist. Raigad are as follows:
- Location by way of having accessibility by road
 - Extent, contiguity & topography of the subject land
 - Land use & zoning restrictions
 - Level of infrastructures, exclusivity of land
 - Connectivity & accessibility

Thus, considering the above mentioned influencing factors, inputs/ findings from the primary research on residual land rates for undeveloped land, present status, extent of land; the Fair Market Value of the land is as tabulated below:-

	Residential/ Open land	Commercial	Land for covered storage/ warehouse	Other Port Related Activities
Base Rate in ₹. per sq mt	30,000	54,000	36,000	30,000
Adjustments	-70%	-50%	-40%	-70%
Valuation	9,000	27,000	21,600	9,000
Construction cost in ₹. per Sq mt.	0	11,767	6,650	0
Total cost (Base rate +Construction)	9,000	38,767	28,250	9,000
Lease rent 6% return per annum	540	2,326	1695	540

- (e). Summary of estimation of Land value of the above five factors.

LAND OUTSIDE CUSTOM BOUND AREA

Sr. No.	SUMMARY					
1	State Govt. ready reckoner rate in year 2018-19	Open Land – ₹1650/ sq. m.	Residential Builtup – ₹20,500/ sq. m.	Commercial Builtup – ₹33,000/ sq. m.	Warehousing/ Storage Builtup – ₹ 26,000/ sq. m.	Other Port Related Activities
2	Highest rate of actual relevant transactions in last 3 years in Port's vicinity	Open Land - Rs. 3700/ sq. m.	---	----	--	---
3	Highest accepted tender cum action rate of port land	Open Land - Rs. 3043/ sq. m. (for tank farms)	---	---	---	---
4	Rate arrived by Approved Valuer		Residential Land- ₹9,000/ sq. m.	Commercial Land - ₹27,000 / sq. m.	Warehousing & Storage Land – ₹ 21,600/ sq. m.	Other Port Related Activities - ₹ 9,000/ sq. m.
			Annual Rent – ₹1070/ sq. m.	Annual Rent – ₹ 2326/sq. m.	Annual Rent – ₹ 1686/ sq. m.	Annual Rent – ₹ 540/ sq. m.
5	Any other relevant factor identified by Port	--	----	----	---	---

3.4. The Summary of Conclusion derived by the LAC is as follows :

- (i). (a). At present, the rates for the premises allotted to agencies like Banks & Shipping lines in port constructed building are charged at the rate of ₹ 331.60. Hence on the basis of considering the location and the business likely to increase at JNPT, it is proposed to increase at 50% from the existing rate of ₹ 331.60 to 500 per sq.mtr per month.
- (b). Also, at present, ₹ 333.36 per month is charged as premium from licensee of office space at Port User Building (PUB) from 1st April 2015. It is also proposed to continue to charge this premium of ₹ 333.36 per month over and above of the revised charges of ₹ 500 per sq mtr per month.
- (c). The concession to Government organization for specific use in Port related activities are being dealt under the Land Policy Guidelines (LPG) 2014 and there is provisions in Clause 11 to allot at concessional rate. In the SOR there is a provision to allot to Government agencies and rate is indicated. LAC felt that this need not be indicated in proposed SOR as the provision has been dealt in LPG 2014 and as and when the requirement arises the same will be allotted, if approved by the Board.
- (d). It is proposed to increase the rate of licensing inside the Custom Notified area at 20% over the basic rate of ₹ 45 per sq mt per month as the area is more secured. The entire cost of security arrangement cannot be transferred to land revenue and it is assumed that a notional increase of 20% is justifiable as the land is not leased for longer period as inside is only licensed for 11 months period.
- (e). There is large land which is not developed as it requires filling upto +5.5 m above CD to avoid any ingress of Mangrove and flooding during high tide. In case any demand by Port Users the same will be considered for allotment at 50% lesser than the basic rate of ₹45.00 per sq mt per month i.e. ₹22.50 per sq mt. per month.
- (ii). The Valuer has opined that the market value is estimated amount for which an estate is exchanged on the date of valuation between the willing buyer and willing seller in transaction after proper marketing wherein the parties had each acted acknowledgeably, prudently and without compulsion.

In case of JNPT, there is no sale of Port land involved and State Government rates are for Stamp Duty for saleable land. Therefore, JNPT cannot use the market rate in

adjoining vicinity of developing nodes in and around JNPT. The land rate are fixed for leasing of land/ licensing of land for storage of goods and Port use only. The land on long term lease are allotted based on e-tender cum e-auction where it is expected that the market value is determined by open competition based on the purpose for which the lease land is allotted. Therefore, the Land Allotment Committee has considered that the market value of land cannot be considered directly. Hence, as per the suggestion of Valuer, the factorization of JNPT land with limitation of adopting the rate with constraints such as large parcel size, no outright sale of land, limited purpose of land use, no access for the main area and no utilization of land for purpose other than Port use and long term lease is only for 30 years etc. license for 11 months in which permanent structure are also not allowed. Therefore, with this limited option, JNPT will adopt the suggestion of valuer and fix basic lease rent per annum at Rs.540 p.a i.e Rs 45.00 per Sq mt per month which is about 61.29% increase from the existing basic rate of Rs.27.90 per sq. mtr. per month.

- (iii). As regards the residential accommodation allotted in Port Township is concerned, the valuer has arrived at rate based on land cost and construction cost of the premises. Annual rent has been arrived at Rs.84 per square metre per month for residential purpose and Rs.126 per square metre for commercial and Rs.71 per square metre per month for warehousing and storage. However JNPT recovers 30% of basic pay as HRA in respect of different category of employees. The entry level pay scales of all employees of JNPT are as follows.

Class IV : Old : ₹ 13500-₹ 27,4500 New : ₹ 20,900/-₹ 43,600/-

Class III : Old : ₹ 16,300-₹ 38,200 New : ₹ 25,200-₹ 59,600

(Majority of class three employees are in this band)

Old : ₹ 15,600-₹ 36,800 New : ₹ 24,200-₹ 58,600

(Only one employee of JNPT in this scale)

Class II : ₹ 16,400-₹ 40,500 (Under Revision)

Class I: ₹ 20,600-₹ 46,500 (Under Revision)

It worked out to ₹ 6,270/- for A type (30% of Basic ₹ 20,900), ₹ 7,560/- for B type (30% of ₹ 25,200), based on the lowest pay scale in respect of eligible quarters. Class C and D are offered at present to outsiders based on the rates arrived for A and B rates per square meter which works out to Rs.140 per square meter per month. In case, any quarter is allotted to outsider the rate of Rs.140 per square meter per month will be adopted. This will be applicable to other than JNPT employee/JNPT contract workers including defense, state and central government employees.

- (iv). Accordingly, LAC has recommended to adopt the rate as per the 30% of minimum pay scale of respective category which is as follows:

Type of Quarter	Rate Per month in ₹
A - 45 Sq mt	6270.00
B - 65 Sq mt	7560.00
C - 105 Sq mt	140 per Sq mt
D - 180 Sq mt	140 per Sq mt

- (v). The JNPT has recently allotted land on e-tender cum e-auction basis for allotment of land for establishment of liquid storage Tanks and the maximum rate is ₹ 3270 per Sq mt per annum and minimum rate is ₹ 2500 per Sq metre per annum. Therefore, on an average, the market rate for the land for tank on weighted average works out to ₹ 3,043/- per sq mt per annum. The rate is considered higher than the adjoining land rate. However, the land rent is fixed on usage base. The Tank Farm at JNPT is having business model in which the rent at this rate affordable to trade. As such it is proposed to keep the rent at ₹ 254 Sq mt per month (3043/12).

- (vi). As regards to the permission for granting way leave as per the Land Policy Guidelines, 2015, the charges will be as per adjoining land. However, tank farm have essentially required water front connectivity as such the rates adopted for tank farm will be considered towards way leave charges. The permission has to be granted with condition stipulated in Land Policy Guidelines, 2015 Annexure and one time supervision charges as per Sr No.5 & 6 of the same. Accordingly, it is proposed to fix 10% of cost of laying pipeline.

(vii). As regards to the escalation on license fee/lease rental, it is proposed to keep 2% escalation per annum (compounded). The escalation is generally related to use of land and demand. Till date JNPT could not exploit the potential land use and as such to encourage minimum of 2% is proposed. Similar escalation is also proposed by Major Ports like NMPT, COPT, DPT (KPT) & PPT.

(viii). JNPT has also proposed to re-classify the land scale of rates as follows:

Sr. No.	Item	Unit	Rate (₹)
1	License Fee for office accommodation allotted to agencies, commercial agencies, banks, Government anywhere in the Port except the Old building of JNPT and Township area	Per Sq.Mtr. Or part thereof per month or part thereof	500.00 per sq. Mtr or part thereof per month plus ₹333.36 per month premium.
2	License fee for land developed up to +5.5 M CD and above anywhere outside custom Bound area in Port Estate	Do	45.00
3	License fee for land developed up to +5.5 M CD and above anywhere within custom Bound area in Port Estate	Do	54.00
4	License fee for land for undeveloped anywhere in Port Estate. (Undeveloped means any land not filled up to +5.5. m CD)	Do	22.50
	Note for all the Cases of Sr No 1,2,3 and 4		
	i. The license fee/ lease rent will be enhanced by 20% as weightage for the activities which are not related to Port Activities and defined as Commercial activities. ii. The land rent applicable to Government agencies will be on nomination basis for Port Use as per the provisions of the Land Policy Guidelines issued by MoS from time to time. iii. The concessional rate for Govt agencies other than Port Use will be decided by JNPT Board on case to case basis.	do	
5	License fee for land for Tank Farm (Base rate for Auction) & permission for way leave charges	Do	254.00
6	Rent for residential Accommodation allotted in Port Township to:		
A	(A) Employees of other Government Agencies and Public Sector undertakings	A' Type	6,270.00 per month
		B' Type	7,560.00 per month
		C' and D' Type	140 per Sq mt per month
	(B) Any Private firm	Any type	140 per Sq Mt per Month
7	Rent for Shopping Centre Building (Township)	Sq Mt. p.m	Rs.194/-
8	Lease rent for allotment of land for construction of covered storage	Sq Mt. p.m	Rs.141/-

3.5. The matter relating to revision of Estate related scale of rates of JNPT was placed before Board of Trustees in its meeting on 14 August 2019. The Board of Trustees of the JN Port has approved the proposal for Revision of rate structure of JNPT by Land Allotment Committee except with regard to the rates proposed for Rental of JNPT Township for private parties. With respect to rental of Township residential areas, Board after detail deliberation approved 20% of premium for rental for private parties over rates applicable to Government employees.

3.6. A comparative position with regard to the rates prevailing as on 01 April 2019 vis-à-vis rates as approved by the Board of Trustees of JNPT, as furnished by JNPT, is as follows:

Sr No	Item	Unit	Present rate as on 01 April 2019	Proposed revised Rate	Percentage increase
1	License Fee for office accommodation allotted to agencies, commercial agencies, banks, Government anywhere in the Port except Township area	Per sq.mtr. Or part thereof per month or part thereof	Rs.665.00	Rs.833.00	25.26%
2	License fee for land developed up to +5.5 M CD and above anywhere outside custom Bound area in Port Estate	"	Rs.27.90	Rs.45.00	61.29%
3	License fee for land developed up to +5.5 M CD and above anywhere within custom Bound area in Port Estate	"	Rs.31.88	Rs.54.00	69.38%

4	License fee for land for undeveloped anywhere in Port Estate. (Undeveloped means any land not filled up to +5.5. m CD)	“	Rs.13.92	Rs.22.50	61.64%
5	License fee for land for Tank Farm (Base rate for Auction) & permission for way leave charges	“		Rs.254.00	-
6	Rent for residential Accommodation allotted in Port Township to:				
	(A) Employees of other Government Agencies and Public Sector undertakings				-
	A' Type	-	Rs.3360/-	Rs.6270 per month	86.60%
	B' Type	-	Rs.4440/-	Rs.7560 per month	70.27%
	C' and D Type	-	Rs.5760/-	Rs.140 per sq mt per month	-
	Employee other than mentioned above	A type	Rs.3360/-	Rs.7560/-	125%
	(All charges are inclusive of 20% maintenance)	B Type	Rs.4440/-	Rs.10920/-	145.95%
		C Type	Rs.5760/-	Rs.17640/-	206.25%
		D Type	Not specified	Rs.30240/-	-
7	Rent for Shopping Centre Building (Township)	Per sq.mtr./ per month	Rs.130.04	Rs.194.00	49.18%
8	Lease rent for allotment of land for construction of covered storage	“	Not specified	Rs.141/-	-

3.8. The JNPT vide its proposal, has submitted the following:

- (i). The copy of Board Note for revision of Estate related scale of rates of JNPT
- (ii). The copy of Land Allotment Committee Report
- (iii). The copy of valuation report submitted by Kanti Karamsey and Co.

4. On a preliminary verification of the proposal forwarded by JNPT, it was seen that the proposal does not contain the Soft copy of the Proposal and List of users/ user associations/ BOT operators, as per the Checklist. After continuous pursuance with JNPT, the JNPT has furnished on 08 November 2019, a lengthy list of 778 Users/ User associations.

5.1. In accordance to the consultative procedure prescribed and in view of the lengthy list of users/ user associations as suggested by JNPT, the JNPT was requested vide letter dated 20 November 2019 to upload the subject proposal in its website and intimate to all the users about hosting of the subject proposal in the JNPT website and give the designated email address of Port as well as TAMP for comments of relevant stakeholders/ users within 15 days' time.

5.2. Accordingly, the JNPT vide its email dated 03 December 2019 has confirmed about uploading of the proposal in its website and vide its e-mail dated 13 December 2019 has confirmed that it has informed all users/ user associations about hosting of subject proposal in its website and that the users have been requested to offer comments on the same.

6. However, only four users viz. M/s. Raj Clearing Agency has vide its email dated 13 December 2019, Shri. Devendra Mhatre vide email dated 15 December 2019, Gateway Terminal India Private Limited (GTIPL) vide email dated 16 December 2019, Shri. Mahesh Thali vide email dated 17 December 2019 and Residents of 'A' and 'B' type Quarters vide email dated 21 December 2019 have furnished their comments to JNPT as well as to us. The JNPT vide its letter dated 29 January 2020 and email 7 March 2020 has furnished its comments on the submissions made by some of the users.

7. A joint hearing on the case in reference was held on 23 December 2019. At the joint hearing, the JNPT and the concerned users/ organization bodies have made their submissions.

8. Based on a preliminary scrutiny of the proposal, the JNPT was requested vide letter dated 11 February 2020 to furnish additional information/ clarification on a few points. After a reminder dated 2 March 2020, the JNPT has responded vide its email dated 7 March 2020. The information/ clarification sought and the response of JNPT thereon are tabulated below:

Sl. No.	Information/ clarification sought	Reply of JNPT																														
(i)	<p>In the Land Allotment Committee (LAC) Report at para 3.0 (iv), a table has been given to indicate the fair market value of land and the lease rent as determined by the Valuer has been furnished. Simultaneously, in the Appendix 1.3 forming part of the LAC Report, a summary of value of the land as determined under various factors as listed in the Land Policy Guidelines has been furnished. In this regard, it is seen that market value of land as well as lease rent as determined by the Valuer has been indicated differently in both the tables as shown below:</p> <table border="1" data-bbox="304 622 834 1149"> <thead> <tr> <th></th> <th></th> <th>Residential Land</th> <th>Commercial Land</th> <th>Warehousing & Storage Land</th> <th>Other Port Related Activities</th> </tr> </thead> <tbody> <tr> <td>In the table given at para 3.0 (iv) of the LAC Report</td> <td>Market value (₹ per sq.m)</td> <td>9,000</td> <td>38767</td> <td>28250</td> <td>9000</td> </tr> <tr> <td></td> <td>Annual Rent (₹ per sq.m)</td> <td>540</td> <td>2326</td> <td>1695</td> <td>540</td> </tr> <tr> <td>In the table at Appendix 1.3 of the LAC Report</td> <td>Market value (₹ per sq.m)</td> <td>9,000</td> <td>27,000</td> <td>21,600</td> <td>9,000</td> </tr> <tr> <td></td> <td>Annual Rent (₹ per sq.m)</td> <td>1070</td> <td>2326</td> <td>1680</td> <td>540</td> </tr> </tbody> </table> <p>The proposed rent for residential land (₹ 1070/-) mentioned in Appendix 1.3 of the LAC Report differs from the amount of ₹ 540/- mentioned in para 3.0 (iv) of the LAC Report. Likewise, the proposed rent (₹ 1680/-) for Warehousing & Storage land differs from the amount mentioned in para 3.0 (iv) of the LAC Report (₹1695/-). The market value for Warehousing & Storage land mentioned in Appendix 1.3 and para 3.0 (iv) also differs. Further, the market value of commercial land mentioned in Appendix 1.3 of the LAC Report differs from the amount mentioned in para 3.0 (iv) of the LAC Report. The JNPT to indicate the correct market value of the land and the correct resultant annual rent for these categories of land.</p>			Residential Land	Commercial Land	Warehousing & Storage Land	Other Port Related Activities	In the table given at para 3.0 (iv) of the LAC Report	Market value (₹ per sq.m)	9,000	38767	28250	9000		Annual Rent (₹ per sq.m)	540	2326	1695	540	In the table at Appendix 1.3 of the LAC Report	Market value (₹ per sq.m)	9,000	27,000	21,600	9,000		Annual Rent (₹ per sq.m)	1070	2326	1680	540	<p>Reference is drawn to page no. 31 of Valuer's Report whereby the Monthly Rental of ₹ 1070 is calculated by combining 6% of Residential Land Valuation of ₹ 9000 per sq.m. and 6% of Construction cost of ₹ 8825 per sq.m</p> <p>The proposed Scale of Rates for developed land outside Port is based on 6% of Residential Land Valuation of ₹ 9000 per sq.m. (6% x Rs.9000 per sq metre= Rs.540 per square metre per annum)</p> <p>The Valuer has valued Open Commercial Land at ₹ 27,000 per sq.m. and the Construction Cost over Commercial Land as ₹ 11,767 per sq.m. The total cost (open land + construction) as per Land Valuer is ₹ 38,767 per sq.m. The Lease Rent of Commercial buildings is calculated as 6% of ₹ 38,767 i.e. ₹ 2326 per annum or ₹ 194 per month (₹ 2326/12). (6% x Rs.38,767 = ₹ 2326 per annum)</p> <p>The Valuer has valued Land for warehousing at ₹ 21,600 per sq.m. The infrastructure development cost for warehousing is valued as ₹ 6500 per sq.m. The total value of warehouse is ₹ 28,100 per sq.m. The Annual Rent is inadvertently mentioned as ₹ 1695 in LAC Report para 3</p> <p>The correct Lease amount per annum is ₹ 1686 or ₹ 141 per month (₹ 1686/12) which is calculated as 6% on ₹ 28,100.</p> <p>Therefore there is no change in the proposed SOR with respect to warehouse.</p>
		Residential Land	Commercial Land	Warehousing & Storage Land	Other Port Related Activities																											
In the table given at para 3.0 (iv) of the LAC Report	Market value (₹ per sq.m)	9,000	38767	28250	9000																											
	Annual Rent (₹ per sq.m)	540	2326	1695	540																											
In the table at Appendix 1.3 of the LAC Report	Market value (₹ per sq.m)	9,000	27,000	21,600	9,000																											
	Annual Rent (₹ per sq.m)	1070	2326	1680	540																											
(ii)	<p>The existing rate for the premises allotted to agencies like Banks and Shipping Lines in port constructed building is proposed to be increased by 50%. Apparently, no market value for the premises appears to have been determined. In this regard, the JNPT to clarify the following:</p> <p>(a). The basis for the quantum of increase of 50% to be explained.</p> <p>(b). Whether the said approach of increasing the existing rate by 50% falls</p>	<p>The Valuer has derived Monthly Rental of ₹ 194 per sq.m. per month for commercial buildings after considering 50% discount in Base Rate by considering various factors. The said factors are not applicable in case of existing commercial buildings constructed by the Port which are mainly used for port related business. Therefore, the existing rate was increased by 50% after considering increase in business due to the local development and location advantage due to proposed Airport and SEZ. Further, the premium of ₹ 336.36 per month is proposed to be continued over</p>																														

	<p>within the stipulation contained in the Land Policy Guidelines, for determination of market value.</p> <p>(c). The premium of ₹ 333.36 per month over and above the proposed charges, to be justified.</p> <p>(d). Whether the prescription of premium falls within the stipulation contained in the Land Policy Guidelines, for determination of market value.</p>	<p>the proposed revised charges of ₹ 500 per sq.m. per month.</p> <p>Since the overall increase in the proposed rate is atleast by 61.29% and above, port has considered only increase of 50% over base rate. However, the effective rate of increase is only by 25.26% (i.e. from ₹ 665 per sq metre per month at present to the proposed rate of ₹ 833 per sq metre per month).</p> <p>At present JNPT was charging ₹ 331.6 per sq.m. per month plus a premium of ₹ 333.36 per month from Lessees of Port constructed buildings.</p> <p>The premium of ₹ 336.36 was derived from the Bids received during the Auction for Leasing of spaces in Buildings constructed by Port.</p>
(iii)	<p>The JNPT has proposed a premium of 20% over the market value determined by the Valuer for open land, to determine the licence fee for land developed upto + 5.5 MCD and above anywhere within custom Bound area in Port Estate. The reason for not determining the market value for developed land to be clarified.</p>	<p>Page 12 of the Valuation Report states that Market value of Land inside Port is not available as there is no sale of Port Land. Therefore, State Government ready reckoner rates and Guideline Rate for Industrial Land are also not available for the Land inside Port area.</p> <p>The Valuer has valued Land outside Port by taking Guideline Rates in the close proximity for Residential Land and has arrived at value of ₹ 9000 per sq.m. after considering discount of 70% on Base Rate of ₹ 30,000 per sq.in. (page 26 of valuation report)</p> <p>The Rate of Land licensing inside the Custom notified area is proposed to increase by 20% over basic rate of ₹ 45 per sq.m. per month (₹ 9000 x 6% x 1/12) as the land is more secure and having better infrastructure facilities with better illumination etc. The entire cost of security arrangement cannot be transferred to land revenue and it is assumed that a notional increase of 20% is justifiable as the Land is not leased for a longer period. The Land inside Custom bound area is only licensed for 11 months.</p>
(iv)	<p>The JNPT has proposed a discount of 50% on the market value determined by the Valuer for open land, to determine the licence fee for land undeveloped anywhere in Port Estate. The reason for not determining the market value for undeveloped land to be clarified.</p>	<p>An Undeveloped Land is defined as a land requiring filling up to plus 5.5 meters above CD to avoid any ingress of Mangroves and flooding during High tides. In view of the above, the LAC Committee has considered allotment of such undeveloped land anywhere in Port Estate at 50% discount of basic rate of ₹ 45 per sq.m. per month. The present SOR also provides a concession of 50% over lease rental of developed land.</p>
(v).	<p>Based on the market value of open land for tank farms as determined at ₹ 3043/- per sq.m., following the factor of highest accepted tender cum auction rate of port land for similar transactions, the licence fee for tank farms has been proposed at ₹ 254/- per sq.m per annum, by simply dividing the market value by 12 months (i.e. 3043 / 12). It</p>	<p>JNPT has recently allotted Land on E-Auction basis for allotment of land for establishment of Liquid storage tanks. As per Appendix 1.2 of the proposal submitted to TAMP for revision of Estate related SOR, the maximum Quote of Lease rent received in the aforesaid E-Auction was ₹ 3270 per sq.m. per annum and minimum Quote of</p>

	may be noted that the licence fee is to be determined at 6% of the market value of the land (i.e. ₹ 3043 x 6%). The JNPT to make necessary correction in the prescription of licence fee for tank farms.	Lease rent was ₹ 2500 per sq.m. per annum. The weighted average Lease rent of the five plots based on date and extent of area in the aforesaid E-Auction is ₹ 3043 per sq.m. per annum. As the rate of ₹ 3043 per sq.m. per annum is Lease rent and not market value, the formula of applying 6% on market value was not considered.
(vi).	The JNPT is requested to furnish the basis for the proposed rent for shopping centre building at ₹ 194/- per sq.m per month. The reason for not determining the market value for shopping centre to be clarified.	As per Valuation report page 31, the commercial buildings are valued as ₹ 38,767 per sq.m. the said value consist of land rate of ₹ 27000 and construction cost of ₹ 11,767. As per Land Policy Guidelines the Lease rent for shopping center of ₹ 194 per sq.m. per month is arrived by following: $6\% \times 38767 \times 1/12$.
(vii).	The JNPT is also requested to furnish the basis for the proposed lease rent for allotment of land for construction of covered storage at ₹ 141/- per sq.m per month. The reason for not determining the market value for allotment of land for construction of covered storage to be clarified.	As per Valuation report page 31, the warehouse and storage are valued as ₹ 28,100 per sq.m. the said value consist of land rate of ₹ 21,600 and developmental charge of ₹ 6500. As per Land Policy Guidelines the Lease rent for shopping center of ₹ 141 per sq.m. per month is arrived by following: $6\% \times 28100 \times 1/12$.

9. The proceedings relating to joint hearing held in this case are available on records at the office of this Authority. An except of the 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>

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

- (i). With reference to the submissions made by the Jawaharlal Nehru Port Trust (JNPT) in its proposal that its estate rentals were last revised by this Authority vide its Order of September 2006, it is to state that the lease rentals for the estates of JNPT have not been fixed since the inception of this Authority in 1997 in the absence of any proposal from JNPT. As brought out in the earlier part of the Order, the lease rent which was allowed to be levied by the JNPT vide the General Revision Order of September 2006 was the then prevailing lease rent, which had not been fixed based on the extant Land Policy Guidelines; but was allowed to be levied by the Port as an interim arrangement, so as to avoid any vacuum in lease rent. The said estate rentals has been continued to be levied by the JNPT with an annual escalation till now. Now, finally after all these years, the JNPT has come up with a proposal for revision of its estate rentals. The proposal of the port has the recommendation of Land Allotment Committee and the approval of its Board of Trustees.
- (ii). The JNPT has filed its proposal in August 2019. The additional information/ clarification sought has been furnished by JNPT in March 2020. The said proposal of JNPT alongwith the information/ clarification furnished by the JNPT during the processing of the case, is being considered in this analysis.
- (iii). For the purpose of determining lease rentals for the lands belonging to the Port Trusts, this Authority is mandated to follow the land policy guidelines issued by the Government from time to time. The JNPT has stated that the lease rental is to be fixed following the Land Policy Guidelines, 2014. Accordingly, the proposal of JNPT has been taken up for fixing lease rentals following the amended Land Policy Guidelines of 2014, issued by the Ministry of Shipping (MOS) to all the Major Port Trusts.
- (iv). As per clause 13(a) read with clause 11.2(e) of the amended Land Policy Guidelines 2014, a Land Allotment Committee (LAC) constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic shall determine the market value of land as per the methodology prescribed in clause 13(a). Accordingly, the JNPT has constituted a Land Allotment

Committee (LAC) under the Chairmanship of the Deputy Chairman and with Chief Manager (Admin) & Secretary, Chief Manager (PPD), Chief Manager (Traffic), Chief Manager (Finance) i/c and Manager (Finance) being the other members of the Committee. The JNPT has furnished a copy of the Report of the LAC.

- (v). (a). Clause 13(a) of the amended land policy guidelines of 2014 prescribes the methodology for determination of market value of the land based on the five factors as prescribed therein. In terms of the said para of the amended Land policy guidelines of 2014, the LAC is normally take into account the highest of the factors mentioned therein, viz. (i). State Government ready reckoner of land values in the area if available for similar classification/ activities, (ii). Highest rate of actual relevant transactions registered in the last three years in the Port's vicinity with an appropriate annual escalation rate to be approved 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 appointed for the purpose by the Port and (v). Any other relevant factor as identified by the Port. The amended Land Policy guidelines of 2014 also stipulates that in case the LAC is not choosing the highest factor, the reasons for the same have to be recorded.
- (b). Of the five factors prescribed in the amended Land Policy Guidelines, 2014 for arriving at the market value of the land, the LAC in its Report is seen to have determined the market value of the land after analysing the State Government Ready Reckoner rates, Highest rates of actual relevant transactions registered in the last three years in the Port's vicinity, highest accepted tender-cum-auction rates of Port land and by appointing a Valuer.
- (c). In its Report, the LAC has observed that there is no sale of Port land involved and State Government rates are for Stamp Duty for saleable land. Therefore, the LAC has taken a view that the market rate in adjoining vicinity of developing nodes in and around JNPT cannot be used. Further, the rentals are fixed for leasing of land/ licensing of land for storage of goods and Port use only. The land on long term lease are allotted based on e-tender cum e-auction where it is expected that the market value is determined by open competition based on the purpose for which the lease land is allotted. Thus, the LAC has viewed that the market value of land cannot be considered directly.
- (d). However, since the Valuer has arrived at the Value of the land after taking into account various limitations and constraints viz. large parcel size of land, no outright sale of land, limited purpose of land use, no access for the main area, no utilization of land for purpose other than Port use, a long term lease for 30 years only, restrictions in putting up permanent structure incase of license for 11 months etc., the LAC in its Report has decided to adopt the value of the land as suggested by the Valuer.
- (vi). Based on the value of the land as suggested by the Valuer, the JNPT has determined the licence fees for various areas and for various purposes, each of which is discussed below:
- (a). License fees for office accommodation.
- At present JNPT is reported to have been charging ₹ 331.6 per sq.m. per month plus a premium of ₹ 333.36 per month from Lessees of Port constructed buildings allotted to agencies like Banks and Shipping Lines. Since the Rental for commercial buildings has been derived by the Valuer after applying a discounting factor of 50%, the port has decided not to adopt the said reduced rental; but has decided to increase the existing licence fee by 50%, considering increase in business due to the local development and location advantage due to proposed Airport and SEZ. Also, the port has decided to continue to levy the monthly premium. The JNPT has derived the premium from the bids received during the auction for leasing of spaces in Buildings constructed by Port. Thus, the licence fee has been arrived at by

JNPT at ₹ 833/- per sq.m per month [i.e. $(331.60 \times 1.5 = 497.4, \text{ rounded off to } ₹ 500/-) + 333.36]$.

(b). License fee for developed Land outside Custom Bound Area.

Based on the market value of the open land as determined by the Valuer at ₹ 9000/- per sq.m, the License fee for land developed up to +5.5 M CD and above anywhere outside custom Bound area in Port Estate has been determined by the Port at ₹ 45/- per sq.m per month [i.e. $9000 \times 6\% = 540 / 12]$. The factor of 6% is seen to be based on Clause 13(b) of the amended Land Policy Guidelines, which stipulates that the Reserve Price in terms of the annual lease rent would in no case be less than 6% of the latest market value of the land.

(c). License fee for developed Land within Custom Bound Area.

The licence fee for the land developed upto + 5.5 MCD and above anywhere within custom Bound area in Port Estate has been proposed by the port by considering a premium of 20% over the market value determined by the Valuer for open land at ₹ 9000/- per sq.m, as discussed above, on the ground that the said land is more secure and has better infrastructure facilities and better illumination. Also, the factor of 20% has been justified by the port stating that the Land inside Custom bound area is not leased for a longer period i.e. licensed only for 11 months. Further, the JNPT does not intend to pass on the entire cost of security arrangement. Thus, the licence fee has been determined by the Port at ₹ 54/- per sq.m per month [i.e. $9000 \times 1.2 \times 6\% = 648 / 12]$.

(d). License fee for undeveloped Land.

The licence fee for the undeveloped land anywhere in Port Estate has been proposed by the port by considering a discounting factor of 50% over the market value determined by the Valuer for open land at ₹ 9000/- per sq.m, as discussed earlier, to give concession on account of the land not being developed. Thus, the licence fee has been determined by the Port at ₹ 22.50 per sq.m per month [i.e. $9000 \times 0.5 \times 6\% = 270 / 12]$.

(e). License fee for Land for Tank Farms.

As regards the licence fee for land allotted for Tank Farms, the JNPT has proposed a licence fee of ₹ 254/- per sq.m per month. This has been derived by the port taking into account the weighted average of the Lease rent of the five plots based on the extent of area at ₹ 3043/- per sq.m. per annum in the E-Auction recently undertaken by the Port for allotment of land for establishment of Liquid storage tanks.

(f). License fee for Residential Accommodation.

As regards the residential accommodation allotted in Port Township is concerned, though the valuer has arrived at annual rent based on land cost and construction cost of the premises, the JNPT has decided to determine the rent for the residential accommodation allotted in the Port Township, by linking the rent to HRA calculated at 30% of basic entry level pay as in respect of different category of employees. Thus, rental for Type 'A' quarters has been proposed at ₹6270/- per month, by considering the basic entry level pay scale of ₹ 20900- ₹ 43600/- and the rental for Type 'B' quarters has been proposed at ₹7560/- per month, by considering the basic entry level pay scale of ₹25200- ₹ 59600/-. As regards, rentals for Type 'C' and 'D' quarters, the rent has been determined at ₹ 140/- per sq.m per month based on the rates arrived and the area of A and B Type Quarters. For quarters let out to private parties, the rent has been worked out at ₹ 168/- /- per sq.m per month by considering a premium of 20% over the rent applicable for Government employees.

(g). Rent for Shopping Centre Building in Township.

Based on the market value of the land used for commercial purposes as determined by the Valuer at ₹ 27000/- per sq.m and the cost of construction of structures on commercial land at ₹ 11767/- per sq.m , the rent has been proposed by the Port at ₹ 194/- per sq.m per month [i.e. $(27000 + 11767) \times 6\% = 2326 / 12$]. The construction cost of the structures has been considered by the Valuer by keeping in view the type of construction, foundation, roofing, specification of the building material used and the depreciation for the age of the structures.

(h). Rent for allotment of land for construction of covered storage.

Based on the market value of the land used for warehousing and storage purposes as determined by the Valuer at ₹ 21600/- per sq.m and the developmental charge at ₹ 6650/- per sq.m , the rent has been proposed by the Port at ₹ 141/- per sq.m per month [i.e. $(21600 + 6650) \times 6\% = 1695 / 12$].

- (vii). The rentals/ licence fee as derived by the port, as discussed in the preceding paragraphs, has been objected by the various users. The objection is seen more towards increase in rent for the various types of Quarters in the JNPT Township. The users have highlighted the dismal state of the Quarters and have requested that the rent be increased by the port only after the Quarters are renovated. In this regard, the port has stated that it has already undertaken the renovation work in the JNPT Township at a substantial cost. With regard to the submissions of the users, it is also to highlight that the JNPT rentals is being reviewed after a substantial long time. In such a scenario, the increase in rentals is inevitable.
- (viii). Based on the reasoning given by the Land Allotment Committee to determine the rentals and also recognising that the Board of Trustees of JNPT have approved the licence fees/ rentals as recommended by the LAC, and considering that the proposal filed by JNPT is in line with the stipulation contained in the Land policy guidelines of 2014, this Authority is inclined to approve the rentals as proposed by the Port.
- (ix). Clause 13(c) of the revised Land Policy Guidelines, 2014, stipulates fixing of the rate of annual escalation at not less than 2%. Accordingly, the JNPT is seen to have adopted an annual escalation of 2% per annum for the proposed rentals, which is approved.
- (x). Clause 13(c) of the revised Land Policy Guidelines, 2014, mandates this Authority to revise Scale of Rates once in every five years. Accordingly, a note to this effect is incorporated in the Rent Schedule of JNPT.

11. In the result, and for the reasons given above, and based on the collective application of mind, this Authority approves the revised Scale of Rates and the conditionalities for the JNPT Estates which have been notified separately. The effective date of the revised Scale of Rates for the JNPT Estate and conditionalities governing the application of revised Scale of Rates will remain the same as already indicated in the separate Order dated 1 June 2020 and shall be in force for a period of 5 years from the date of effect of revised Scale of Rates. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

(T.S. Balasubramanian)
Member (Finance)