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Tariff Authority for Major Ports

G. No.105

New Delhi,

21 March 2017

NOTIFICATION

In exercise of the powers conferred under Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the amendment proposed by the Mormugao Port Trust to the lease rentals approved by this Authority for Headland Sada Shopping Complex in the Order no.TAMP/32/2015-MOPT dated 27 February 2016 relating to revision of lease rent for various port structures of Mormugao Port Trust, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/32/2015-MOPT

The Mormugao Port Trust

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Applicant

QUORUM

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

ORDER

(Passed on this 4th day of January, 2017)

This case relates to an amendment proposed by Mormugao Port Trust (MOPT) to the lease rent for Headland Sada Shopping Complex Building prescribed in the Order No.TAMP/32/2015-MOPT dated 27 February 2016 passed for fixation of lease rentals for the various port structures by this Authority.

2. This Authority had passed an Order No. TAMP/32/2015-MOPT dated 27 February 2016 disposing of the proposal filed by the MOPT for fixation of lease rentals for various port structures which was notified in the Gazette of India on 13 April 2016 vide Gazette No.134. In the said tariff Order dated 27 February 2016, this Authority approved the lease rentals for the 36 port structures as proposed by the MOPT following the amended Land Policy Guidelines, 2014. The lease rent approved in the said tariff Order was made effective after expiry of 30 days from the date of notification of the Order in the Gazette of India.

3.1. With reference to the said Order dated 27 February 2016, the MOPT vide its letter dated 08 August 2016 has made the following submissions:

- (i). Out of the 36 structures, the lease rent proposed by the Port for Headland Sada Shopping Complex building (Sl.No.14) of area admeasuring 2184 sq. mtrs. is ₹485.76 per sq. mtr. per month. The proposed lease rent was worked out based on the maximum rent paid by the occupants.
- (ii). The maximum annual rent charged for one of the existing allottees in the Shopping Complex Building is ₹34,974.72/- per annum. However, the area was erroneously considered as 6 sq. mtrs. instead of 26 sq. mtrs while assessing the market value of land. Accordingly, the proposed lease rent was worked out at ₹485/- (it is ₹485.76) per sq. mtr. per month [i.e. ₹34974.72/ 6 sq. mtrs./ 12 months].
- (iii). In view of the above error, the port has reviewed rent for this item as explained below:
 - (a). The market value of the said Shopping Complex as per the approved valuer is ₹26,000/- per sq. mtr. and the total value is assessed at ₹5,67,84,000/- for 2184 sq. mtrs as given in the valuation report submitted in the original proposal. The annual lease rent @ 6% on land value works out to ₹130/- per sq. mtr. per month [i.e. 56,784,000 x 6% / 2184 sq. mtrs. / 12 months].
 - (b). However, the highest accepted lease rate in the same premises for an area of 23 sq. mtrs. is ₹4,500/- per month + 9% special rate levy. This premises of 23 sq. mtrs. was allotted in June, 2012 with an escalation of 5% per annum. The present rent (as of 2016) paid by the allottee is ₹260/- per sq. mtr. per month.
 - (c). Hence, the proposed lease rent of ₹260/- per sq. mtr. per month is worked out as per parameters specified in the Land Policy guidelines, 2014.
- (iv). The matter was placed before the Land Allotment Committee and LAC after deliberation recommended the revision of rent for the Shopping Complex at

1.	Three No's of Ground+1 upper floor R.C.C framed structure Commercial cum Residential building known as MPT Shopping Complex at Headland, MPT, Sada, Vasco.	2184	3,500	0	0	26,000	1,27,30,798 (34974.72/6 sq. mtrs*2184 sq. mtrs)
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The lease rent proposed by the port based on the recommendation of LAC and with the approval of Board was ₹485.76 per sq. mtr. per month. [i.e., ₹1,27,30,798/ 12 months/ 2,184 sq. mtrs.]. This was based on the any other relevant factor being the highest of the five factors of market valuation of the said shopping complex building, as shown in the above table.

- (ii). Now, an error in the market valuation of land and proposed lease rent considered by it in arriving the market value and lease rent under any other relevant factor is reported by MOPT. While arriving at the market value of land, the port had considered 6 sq. mtrs. instead of 26 sq. mtrs. as the divisible factor and accordingly, arrived ₹485.76 per sq. mtr. per month. To elucidate, the market value of land of ₹1,27,30,798 was arrived by MOPT based on the maximum annual rent charged for one of the allottees [₹34,974.72/ 6 sq. mtrs. X 2184 sq. mtrs.] and the lease rent of ₹485.76/ sq. mtr per month was arrived [i.e. 1,27,30,798/ 2184 sq. mtrs./ 12 months]. If corrected area of 26 sq. mtrs. is considered, the lease rent will work out to ₹112 per sq. mtr. per month i.e., ₹34,974.72/ 26 sq. mtrs. / 12 months = ₹29,37,876 lease rent per annum. Since with the corrected lease rent does not work out to be highest, the port has proposed for an amendment to the lease rent approved by this Authority for Headland Sada Shopping Complex building.
- (iii). For the proposed amendment, the port has placed the matter before Land Allotment Committee (LAC) under the Chairmanship of Dy. Chairman. It is seen from the minutes of the LAC meeting held on 25.07.2016 that the LAC has also taken note of the error in the lease rent earlier proposed.

The LAC has also recorded that the market value and lease rental for Headland Sada Complex Building based on land valuation under available factors prescribed in para 13 (a) of amended LPG, 2014 is as follows:

- (a). The valuation as per the State Governments' ready reckoner is ₹3500 per sq/ mtr.
- (b). The lease rent based on the market value of the said premises by approved valuer at ₹26,000 per sq. mtr. Applying 6% to the market value, the lease rentals works out to ₹130 per sq. mtr. per month [(₹26000 per sq. mtr. * 6%)/12 months].
- (c). The highest accepted tender cum auction rate was ₹4,500/- + 9% special rate levy per month, offered by a tenant for an area of 23 sq. mtr. in June 2012. This quoted rate is escalated 5% every year as per the tender clause. The present rate for the said premises after escalation works out to ₹260/- per sq. mtr./month.

The LAC has, after deliberation, recommended the lease rent at ₹260 per sq. mtr. per month being the highest of the available factors stipulated in para 13 (a) of the amended LPG 2014.

- (iv). The Board of Trustees of MOPT has approved the lease rental at ₹260 per sq. mtr per month in its meeting held on 29 July 2016 as recommended by the LAC. The MOPT has also forwarded the copy of resolution to that effect. The MOPT has complied with the stipulation as per the amended Land Policy Guidelines, 2014 for the proposed amendment in the lease rental for Headland Sada Shopping Complex Building.

- (v). In light of the above and bearing in mind that the LAC headed by Dy. Chairman and comprising of Head of Departments of the port trust has, after considering the valuation as per the amended Land Policy Guidelines, 2014 recommended the rent at ₹260 per sq.mtr per month and also recognizing that the Board of Trustees of MOPT has approved the recommendation of the LAC and that the proposal filed by MOPT for amendment to lease rental is in line with the amended Land Policy Guidelines, 2014, this Authority approves the amendment as proposed by the port.
- (vi). The MOPT has requested that the amendment to lease rental be made effective from the date Order passed by this Authority vide Order No. TAMP/32/2015-MOPT dated 27 February 2016 for various port structures has come into effect. In this regard, it is to state that the Order of this Authority generally comes into effect after expiry of 30 days from the date of notification of the Order in the Gazette of India unless otherwise different arrangement is specifically mentioned in the respective tariff Orders. Since, the current proposal is for correction/ amendment in one of the lease rentals prescribed for various port structures approved in the Order dated 27 February 2016 (in respect of one item i.e. Serial No.14), this Authority accepts the request of the port and gives effect to the said amendment from the date the Order No.TAMP/32/2015-MOPT dated 27 February 2016 came into effect.

6.1. In the result, and for the reasons stated above, and based on collective application of mind, this Authority approves the proposal of the MOPT for amendment in the lease rental for Headland Sada Shopping Complex Building and accordingly the lease rental prescribed at Sr. No.14 under Schedule – V – Lease Rent for premises (36 structures) under Part III – Estate Rentals approved vide Order No. TAMP/32/2015-MOPT dated 27 February 2016 is replaced with the following:

Sr. No.	Description	Lease rent per sq. mtr. per month or part thereof (in ₹)
14.	Three No's of Ground+1 upper floor R.C.C framed structure Commercial cum Residential building known as MPT Shopping Complex at Headland, MPT, Sada, Vasco.	260.00

6.2. The amendment approved in this Order shall come into effect from the date the revised lease rent approved by this Authority vide Order No.TAMP/32/2015-MOPT dated 27 February 2016 came into effect.

6.3. The MOPT is directed to suitably modify the relevant item in its Schedule of Estate Rentals.

(T.S. Balasubramanian)
Member (Finance)