

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

G.No. 205

New Delhi,

31 May 2018

**NOTIFICATION**

In exercise of the powers conferred by Section 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Jawaharlal Nehru Port Trust, seeking approval for notification of Reserve Price for allotment of Land in Dry Port Area at Parsodi and Dorli at Wardha, Maharashtra on lease basis for development of Inland Container Depot cum Industrial Park as in the Order appended hereto.

**(T.S. Balasubramanian)**  
Member (Finance)

**Tariff Authority for Major Ports**  
**Case No. TAMP/6/2018- JNPT**

Jawaharlal Nehru 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 7<sup>th</sup> day of May 2018)

This case relates to the proposal received from Jawaharlal Nehru Port Trust (JNPT) for notification of Reserve Price for allotment of Land in Dry Port Area at Parsodi and Dorli at Wardha, Maharashtra on lease basis for development of Inland Container Depot cum Industrial Park.

2. The JNPT filed the proposal vide its letter dated 17 January 2018. At our request and followed by a reminder dated 15 February 2018, the JNPT vide its letter dated 17 February 2018 has furnished the Report of the Land Allotment Committee (LAC), and a copy of the approval of the Board of Trustees of the Port with regard to the proposal in reference.

3.1. The submissions made by the JNPT in its letter dated 17 January 2018 are summarised below:

- (i). JNPT is undertaking development of Dry Port at Wardha for which necessary land has been identified and the acquisition formalities have been completed.
- (ii). Going forward, the Port intends to allot the land on lease basis to a private operator/ developer for development and operation of a dry port in the area. Accordingly, the reserve price for the allotment of land on lease basis needs to be notified by TAMP.
- (iii). Thus, a proposal for fixation of land lease rates (approved by the Board) in the dry port area is filed for approval.

3.2. The other main points made by the JNPT in its proposal dated 17 January 2018 are summarised below:

- (i). The project site is located in the Sindhi village of the Wardha District. The overall area of the site is 346 acres. The Dry Port is proposed to be set up in the Wardha district which is located in the Vidarbha region of Maharashtra.
- (ii). **Site Properties and Features:**

Site Attributes	Description
<b>Site Approach Road</b>	State Highway- Wardha Road/ Nagpur-Ratnagiri Road Currently 4 Lane, NHAI plans to widen the road to 6 lane. Widening is in very preliminary stages.
<b>Site Access Road</b>	Currently accessed by single lane kuccha village road . Connected to Wardha Road by Seloo Junction, site approximately 7 km from main junction. There is enough scope for road widening, but will require land acquisition
<b>Railway Connectivity</b>	VPL rail line runs along the site , Connects with Sindhi Railway Station within 3-4 km and Nagpur railway station at around 50 km
<b>Existing entry And</b>	Through Seloo Junction. Single Lane Kucha Village Road , 7

<b>Exit Point</b>	km from highway
<b>Distance from Nagpur</b>	57km
<b>Distance and Connectivity from MIHAN</b>	Via Wardha Road. Approximately 30 km
<b>Distance and Connectivity from Butibori Industrial area and Addnl Area</b>	Via Wardha Road, Approximately 20-25 km

The proposed development is envisaged to be an Inland Container Depot (with Co-located Private Freight Terminal) cum Industrial Park wherein a component of the area shall be developed as a Logistics Park (including ICD) while the other component shall be developed as the Industrial Area to provide captive demand for the dry port.

(iii). **Project Snapshot**

<b>Project proponent</b>	Jawaharlal Nehru Port Trust
<b>Project Location</b>	Wardha, Maharashtra
<b>Demarcated Project Area</b>	140.01 hectares
<b>Approach Road</b>	Abutting NH - 361
<b>Key Development Components of the Project</b>	<input type="checkbox"/> Inland Container Depot with co-located Private Freight Terminal (PFT) <input type="checkbox"/> Industrial Area
<b>Type of Industries and Sectors</b>	<input type="checkbox"/> Logistics/ Warehousing/3PL companies <input type="checkbox"/> Engineering sector <input type="checkbox"/> Steel, Articles of Iron and Scrap <input type="checkbox"/> Agro Based (Rice, Soya lecithin) and Food Processing <input type="checkbox"/> Plastic, Paper and Glass sectors
<b>Distance from Major Growth Centre/ nodes of the State</b>	<input type="checkbox"/> JNPT- 700 km <input type="checkbox"/> Mumbai - 650 km

(iv). **Area statement for proposed Development in Phases:**

The dry port is proposed to be developed in phase wise investment and the area proposed for the first phase is mentioned below.

Land Use Statement- Phase-Wise							
Use	Plot No.	PHASE 1		PHASE 2		PHASE 3	
		Plot Area in Sqmt	Prop BUA in Sqmt	Plot Area in Sqmt	Prop BUA in Sqmt	Plot Area in Sqmt	Prop BUA in Sqmt
<b>DEVELOPMENT AREA - DEVELOPER</b>							
Inland Container Depot (ICD)	1	49544.00	4700.00				
Container Yard (CY)	2	15515.21	16.00	20361.85	20.00	29187.36	29.00
Warehouse (WH)	3	4307.06	1723.00	6190.62	2476.00	11985.39	4794.0
LIQUID	4	5083.00	2542.00	12800.68	6400.00	43161.34	21581
PA/WS	5	22164.00	7314.00	36792.94	12142.0	28193.29	9304.0
COLD	6	9713.67	3206.00	3512.37	1159.00	3484.50	0.00
Truck Terminal (TT)	7	18954.94	63.00	19042.00	63.00	28345.65	94.00
Empty Container (EC)	9	9593.60	10.00	6847.37	14.00	12400.09	25.00
Commercial	15	11946.19	5973.00	7923.22	3962.00	21056.03	10528.
Open Space	18	17597.49		33030.26		35211.74	
WB	19	2240.78		0.00		1512.00	
Fire Station	20	6428.00	600.00				
	<b>Area in Sqm</b>	<b>173087.94</b>	<b>26147.0</b>	<b>146501.3</b>	<b>26236.0</b>	<b>214537.3</b>	<b>46355</b>

Land Use Statement- Phase-Wise							
Use	Plot No.	PHASE 1		PHASE 2		PHASE 3	
		Plot Area in Sqmt	Prop BUA in Sqmt	Plot Area in Sqmt	Prop BUA in Sqmt	Plot Area in Sqmt	Prop BUA in Sqmt
	Area in Acres	43.27		36.63		53.63	
<b>COMMON AREA - JNPT</b>							
RLY SIDING	8	70215.00		0.00		0.00	
RTG W.SHOP	10	0.00		3882.00	971.00	0.00	
RLY W.SHOP	11	0.00		3820.00	1528.00	0.00	
TRAN.L.UL.	12	21938.00	0.00	0.00		29025.00	0.00
Admin Building	13	3961.29	1981.00	3604.00	1802.00	4997.00	2499.0
Residential	14	0.00	0.00	0.00	0.00	11602.90	13923.
Utility	16	7348.79	1102.00	11335.47	1700.00	7067.56	1060.0
Fuel Station	17	3083.00	462.00	1628.54	244.00	1220.00	183.00
	<b>Area in Sqm</b>	<b>106546.08</b>	<b>3545.00</b>	<b>24270.01</b>	<b>6245.00</b>	<b>53912.46</b>	<b>17665.</b>
	<b>Area in Acres</b>	<b>26.64</b>		<b>6.07</b>		<b>13.48</b>	
	<b>Total Area in Sqm</b>	<b>279634.02</b>	<b>29692.0</b>	<b>170771.3</b>	<b>32481.0</b>	<b>268449.8</b>	<b>64020.</b>
	<b>Total Area in Acres</b>	<b>69.91</b>		<b>42.69</b>		<b>67.11</b>	
ROAD WORK AREA							
30 Mtr Road	in Sqm	55110.00	1837.00	11880.00	396.00	27960.00	932.00
20 Mtr Road	in Sqm	14760.00	738.00	8280.00	414.00	34860.00	1743.0
<b>Total Area of road</b>		<b>69870.00</b>	<b>2575.00</b>	<b>20160.00</b>	<b>810.00</b>	<b>62820.00</b>	<b>2675.0</b>
<b>GROSS AREA</b>	<b>in Sqm</b>	<b>349504.02</b>	<b>Sqm</b>	<b>190931.3</b>	<b>Sqm</b>	<b>331269.8</b>	<b>Sqm</b>
<b>TOTAL DP</b>	<b>in Acres</b>	<b>87.38</b>	<b>Acres</b>	<b>47.73</b>	<b>Acres</b>	<b>82.82</b>	<b>Acres</b>
<b>TOTAL DP</b>	<b>in Ha</b>	<b>34.95</b>	<b>Ha</b>	<b>19.09</b>	<b>Ha</b>	<b>33.13</b>	<b>Ha</b>

(v). **Estimated Project Development Cost:**

Summary of the estimated capital cost of the project is as indicated below.

Sr. No.	Component	Amount in ₹ Lakhs
<b>A: COST FOR PHASE-I</b>		
<b>A-1</b>	<b>Cost for JNPT</b>	
1	Estimated <b>Civil Cost</b> for Infrastructure Development to <b>JNPT</b> for PHASE - I Area	6472.35
	<b>Sub Total</b>	<b>6472.35</b>
<b>A-2</b>	<b>Cost for DEVELOPER</b>	
1	Estimated <b>Civil Cost</b> for Infrastructure Development to <b>Developer</b> - PHASE - I Area	4301.22
2	Cost of <b>Mechanical &amp; Equipment</b> -Phase-I with Scanner	3351.65
	<b>Sub Total</b>	<b>7652.87</b>
	<b>Total Cost for Phase-I</b>	<b>14125.22</b>
<b>B: COST FOR PHASE-II</b>		
<b>B-1</b>	<b>Cost for JNPT</b>	
1	Estimated <b>Civil Cost</b> for Infrastructure Development to <b>JNPT</b> for PHASE - II Area including <b>ROB</b>	2919.79
	<b>Sub Total</b>	<b>2919.79</b>
<b>B-2</b>	<b>Cost for DEVELOPER</b>	
1	Estimated <b>Civil Cost</b> for Infrastructure Development to <b>Developer</b> for PHASE - II	2451.35
2	Cost of <b>Mechanical &amp; Equipment</b> -Phase-II	245.36
	<b>Sub Total</b>	<b>2696.71</b>
	<b>Total Cost for Phase-II</b>	<b>5616.50</b>
<b>C: COST FOR PHASE-III and FUTURE AREA</b>		
<b>C-1</b>	<b>Cost for JNPT</b>	
1	Estimated <b>Civil Cost</b> for Infrastructure Development to <b>JNPT</b> for PHASE III & Future Expansion	8611.58
	<b>Sub Total</b>	<b>8611.58</b>
<b>C-2</b>	<b>Cost for DEVELOPER</b>	
1	Estimated <b>Civil Cost</b> for Infrastructure Development to	3904.50

	<b>Developer</b> for PHASE - III & Future Expansion	
2	Cost of <b>Mechanical &amp; Equipment - Phase-III</b> & Future Expansion	3192.48
	<b>Sub Total</b>	<b>7096.97</b>
	<b>Total Cost for Phase-III</b>	<b>15708.55</b>
	Overall Cost for <b>JNPT</b> for Phase-I+II+III+Future	<b>18003.72</b>
	Overall Cost to <b>Developer</b> for Phase -I+II+III+Future	<b>17446.55</b>
	<b>Grand Total Cost</b>	<b>35450.26</b>

Currently, the port intends to develop the Phase-I of the project and the balance shall be as per industrial requirements. Out of the above, the costs envisaged to be taken up by JNPT (considering all phases) are the following:

<b>Component</b>	<b>Unit</b>	<b>Value</b>
Construction of Building Works	₹	13,26,02,000
Construction of Electric Substation	₹	2,70,00,000
Construction of Compound Wall	₹	4,66,20,000
Construction of ESR & Water Supply Pipe Lines	₹	4,95,16,000
Construction of STP & STP Lines	₹	4,81,50,000
Levelling & Consolidation	₹	15,78,44,000
Construction of Fire Fighting Station	₹	2,53,00,000
Construction of Railway Handling Area	₹	9,42,63,000
Construction of Entry Exit with Canopy	₹	1,05,00,000
<b>Base Construction Cost (BCC)</b>	₹	<b>59,17,95,000</b>

(vi). **Land Allocation outside the Port's Custom Area**

As per Clause 16 of the Land Policy for Major Ports, 2015, the Land outside custom bond area of the Port shall be given on lease basis only. However, in specific cases, the land can be given on license basis for the port related activities, for reasons to be recorded in writing.

As per the Land Use Plan depicted above, the area identified for the Dry Port falls outside the Custom Bound Area of JN Port. The area shall be allotted to the selected ICD Developer/Co-Developer on Lease basis only.

(vii). **Tenure for Land Allocation**

As per Clause 16.2 of the Land Policy for Major Ports, 2015, land can be leased up to a maximum cumulative period of 30 years with the approval of the Board. For capital intensive project, the Port may decide to fix the tenure of lease for more than 30 years. Such proposals are to be submitted with the recommendations of the Board to the Empowered Committee for its approval. The Port in its land-use plan should identify land which can be allotted on long-term lease basis, i.e. for tenure of 30 years and beyond.

In this regard, the tenure for allotment of land is fixed to 30 years as per the applicable guidelines.

(viii). **Land Allotment Committee**

As per Clause 16.2 (e) of the Land Policy for Major Ports, 2015, a Land Allotment Committee 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 Land Allotment Committee will finalize the Reserve Price.

Subsequently, a Land Allotment Committee consisting of the Deputy Chairman, Chief Manager (Finance), Chief Manager (PPD) and Chief Manager (Traffic) has been constituted by the port. A Copy of the constitution of the committee is provided in Annexure II.

(ix). **Calculation of the Land Lease Rates and Decision of the Land Allotment Committee**

(a). The methodology for land reserve price fixation as specified in the Land Policy for Major Ports has been adopted for the valuation. The valuation of the Dry Port Land as per the parameters specified in the Policy has been detailed herein.

(b). Summary of estimation of the Land Lease Rate and View of the Land Allotment Committee

(i). As per the clause 11 and clause 13 of the Land Policy for Major Ports, 2015 the parameters mentioned for determining the lease rates for land have been considered by the Land Allotment Committee. The various factors that have been discussed and analyzed by the committee are as follows:

(ii). **State Government's ready reckoner of land values in the area, if available for similar classification/ activities**

The Land use for the area has been classified as "Non-Agricultural". The conceptual master plan for the dry port envisages plots of various sizes for different identified sectors. However, the overall land usage shall be same for all sectors i.e Non-Agricultural/Industrial zone.

The area identified for the proposed Dry Port is located in the area which encompasses the following villages/ taluka:

- a. Village Parsodi, Tal-Seloo, Dist.-Wardha
- b. Village Dorli, Tal-Seloo, Dist.- Wardha

The Website of Department of Registration & Stamps, Government of Maharashtra maintains and displays the data related to the Ready Reckoner values of the land and properties in various districts of Maharashtra. The website has been used as a reference source for the ready reckoner values of the land in the villages identified above. The data gathered from the website has been summarized below;

Ready Reckoner Rates ( Rs per sq. mt.) for 2017			
Sl. No.	Village	Rates (₹ Per sq.mt.)	Classification
1.	Village Parsodi, Tal-Seloo, Dist.-Wardha	740	Non-Agricultural
2.	Village Dorli, Tal-Seloo, Dist.- Wardha	1090	Non-Agricultural

Source: Website of Department of Registration and Stamps, Government of Maharashtra

Based on the above details, the calculation of lease rentals is as follows:

	Unit	Value	Source
Government Guideline Value of the plot of Land (per sq.m)	₹	1090	IGR Maharashtra Website. The maximum of the per sq.m.rates for Parsodi and Dorli has been considered.
Lease Rental @ 6% per annum	₹ Per annum	65.4	
Lease Rental per sq.m. per Month	₹ per month per sq.m.	5.45	
Lease Rental per 100 sq.m. per month	₹ Per 100 sq.m. per month	<b>545</b>	

Considering the above rates and the Land use classified for the Dry Port as "Non-Agricultural", the average rates for lease rentals work out to be ₹ 545 per sq.mt. It was observed by the Committee that allotment of land parcels at the ready reckoner rates will not recoup the investments of JNPT in developing the land parcels

and building the infrastructure for the dry port. Hence, the committee opined that the ready reckoner rates may not be relevant for land allotment purpose.

(iii). **Highest rate of actual relevant transactions registered in last three years in the Port's vicinity**

As per the Committee, the vicinity of the port may be referenced to be the region covering the villages of Parsodi and Dorli. However, it was observed that the current land acquired by JNPT is the latest land transaction concluded in the area and the rates furnished to JNPT may be treated as the latest ones. The rate of land acquired by the port has been valued at ₹ 16.45 lakhs per acre and additionally a compensation of ₹ 7 Lakhs per acre was given to the farmers. The effective land value thus was ₹ 23.45 Lakhs per acre (₹ 580 per sq.mt.).

The amount for lease rent works out to be around ₹ 35 per sq. mt. per annum, which would not be sufficient to recoup the investments incurred by JNPT and hence the factor has not been considered.

(iv). **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:**

As per the policy, 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 needs to be considered. However, the port has not floated any such tender for auction-cum-tender for the land in dry port area. Hence, such rates are not available for consideration.

(v). **Rate arrived at by an approved valuer appointed for the purpose by the Port**

As the subject land has been acquired by the port recently and the actual investment by the port is available, the Committee opined that the appointment of an approved valuer to arrive at the market value is not necessary.

(vi). **Any other relevant factor as may be identified by the Port**

The Land Allotment Committee has decided to work out the lease rate of the land as per the following approach.

(a). JNPT has worked out the land pricing based on the following two factors:

(i). total development cost envisaged to be undertaken by JNPT during Phase-I development (the cost of common utilities being proportionately considered)

(ii). Cost of acquisition of the land proportionately apportioned to the Phase-I area to be developed

(b). The idea of adopting these two factors was that these two are the real expenses incurred by JNPT for the land under consideration and JNPT intends to recover the same from the Phase-I developer.

(c). The total development cost of the land incurred by JNPT has been taken as the total investment to be recovered from the developer/units by way of lease amount. The

investments have been phased over a duration of 3 years and additional charges on the overall project cost has been considered. The unit cost of the land has been worked out and the same has been taken as the market value of land, basis which the 6% of lease rentals have been worked out.

- (d). As the project of Dry Port is expected to greatly complement the traffic of JN Port, there is no separate expectation of earning high revenues from the land. But the objective is to generate employment, build facility that would facilitate trade and the port and realize investments as soon as possible.
- (e). Also, the subject land is not a regular port side land, but is a Dry Port area and hence a different approach is needed to finalize the lease rent for the same. The Port would in any case hold auction for the lease rentals/ other guaranteed rentals at the time of the allotment of the plots to developer/industries.
- (f). After arriving at the total costs to be recovered, JNPT has projected the revenues from the lease rentals over the years by considering the approved escalation of 2% and have discounted the same using a discount factor equivalent of the longest term G-Sec rate (as published in RBI bulletin dated January 2018). By doing so, the NPV rate arrived has been proposed by the JNPT as the upfront lease payment. (Reserve Price).
- (g). **Step 1: Estimating the Overall Project Development Cost for Phase-I of the Dry Port.**  
The project development cost including the factors such as contingency expenses, insurance, marketing expenses etc.as well as the cost already incurred on the land development has been worked out.

<b>Development Cost Estimated to be incurred by JNPT on basic infrastructure (proportionately apportioned to the Phase-I i.e total cost multiplied by Multiplication Factor of 0.25)</b>		
Construction of Building Works	₹	3,31,78,572.60
Construction of Electric Substation	₹	67,55,716.05
Construction of Compound Wall	₹	1,16,64,869.72
Construction of ESR & Water Supply Pipe Lines	₹	1,23,89,482.82
Construction of STP & STP Lines	₹	1,20,47,693.63
Levelling & Consolidation	₹	2,64,60,000.00
Construction of Fuel Stations	₹	-
Construction of Fire Fighting Station	₹	63,30,356.15
Construction of Railway Handling Area	₹	1,96,00,000.00
Construction of Entry Exit with Canopy	₹	26,27,222.91
<b>Base Construction Cost (BCC)</b>	<b>₹</b>	<b>13,10,53,914</b>

Note: Contingency cost, cost towards PMC services, marketing expenses and other expenses as indicated in the table above has been worked out in line with the market practice.

Further, a variation limit of 2% for fuel cost, labor cost etc, and 2% PMC charges has been added to the **base construction cost (BCC)**.



Component	Unit	Value
Variation Limit due to increase in Fuel Cost, Labor Cost etc.	2% of BCC	26,21,078
Project Monitoring Consultant Expenses	2% of BCC	26,21,078

Further, the project construction cycle has been assumed to be phase wise across 3 years in the following manner. The percentage completion of construction per year has been considered keeping in view the construction schedule of similar projects undertaken by JNPT and the general industry trends in EPC works of similar nature.

Year wise Percentage construction		
Year 1	Year 2	Year 3
35%	50%	15%

Subsequently, the year wise marketing expenses as well as monitoring expenses have been added to arrive at the final value of the landed project cost. The expenses for each head (Insurance, contingency, marketing etc.) have been considered keeping in view the general industry practice and projects of similar scale.

Parameter	Unit	Year		
		2017	2018	2019
Escalation Factor (y-o-y )	2% per annum	1.000	1.020	1.040
Percentage Construction Factor		35%	50%	15%
Total Civil Cost (including Escalation)	₹	4,58,68,870	6,68,37,496	2,04,52,274
Insurance/Tax	1% of Y-O-Y Cost	4,58,688.70	6,68,375	2,04,523
Preliminary cost	1% of Y-O-Y Cost	4,58,688.70	6,68,375	2,04,523
Contingency Cost	3% of Y-O-Y Cost	13,76,066.10	20,05,125	6,13,568
Marketing and advertisement Cost	1% of Y-O-Y Cost	4,58,688.70	6,68,374.96	2,04,523
		<b>4,86,21,002</b>	<b>7,08,47,746</b>	<b>2,16,79,410</b>
<b>Total Project Cost (Excluding IDC and including PM Charges and variation limit of 2% each)</b>	₹	<b>14,63,90,315</b>		

(h). **Step 2: Arriving at the cost of land acquisition for the land identified for the Dry Port**

The land identified for the Dry Port area was acquired by JNPT in the year 2017. The cost of acquisition of the land has also been factored as an investment from JNPT. Since, the price has been paid for land acquisition in the year 2017, it is assumed that there is no loss of interest and the price remains the same. Subsequently, the land cost for Phase-I has been proportionately apportioned and considered for investment recovery

Parameter	Unit	Value
<b>Land Acquisition Cost for 140.01 ha government land (including TDS of 10%)</b>	₹	57,55,03,250
Compensation Amount paid to Farmers @ 7	₹	24,20,77,290

Lakhs per Acre		
Year of Purchase	year	2017
Stamp Duty Paid by JNPT	₹	5785100
Registration Charges Paid by JNPT	₹	32,320
Total Land Area	Hectares	140.01
<b>Total Acquisition Cost of 346 acres of Land</b>	₹	82,33,97,960
Total Land Area	Acres	346
Phase-I Development	Acres	86.43
<b>Cost of Land for development of Phase-I only</b>	₹	<b>20,60,23,808</b>

(i). **Step 3: Pricing benchmarking in the region**

Existing rates in the similar estates or industrial parks in the region have been considered for benchmarking the land rates. On a regional landscaping of similar facilities, few of the best estates offered by Maharashtra Industrial Development Corporation (MIDC) in locations such as Wardha and Nagpur is referred. A summary of the plots in MIDC in Wardha and Nagpur regions has been provided below:

Overall MIDC average rates in nearby regions within 200 kms from Dry Port Wardha	INR 200 to 2130 per sq.m
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The details of the nearby industrial estates is as follows:

Industry Name	Industrial Rates	Commercial Rates	Residential Rates	Avg. Distance from Wardha Dry Port (in Km)	Industries Present
Addl. Chandrapur	310	620	465	100	<ul style="list-style-type: none"> <li>• Rama Synthetics</li> <li>• Hyundai Unitech</li> <li>• Candico</li> <li>• Halidram</li> <li>• Vico and Baidnath</li> <li>• Sanvijay Group (Steel Rolling)</li> <li>• Unijules Life Sciences Ltd.</li> <li>• Jaideep Industrial Products</li> <li>• Jaika Motors Ltd.</li> <li>• Krishna Hositex</li> <li>• Kampa Enterprises</li> <li>• Mahananda Dairy</li> <li>• Mahindra and</li> </ul>
Bhadrawati	175	350	265	90	
Bhandara	80	160	120	123	
Bhivapur	75	150	-	79	
Butibori	1450	2900	2175	18	
Butibori Five Star	1450	2900	2175	18	
Chandrapur	310	620	465	111	
Chimur	60	120	-	80	
Deoli	250	450	375	57	
Gadchiroli	10	15	10	193	
Ghugus	120	240	180	112	
Gondia	110	220	-	173	
Hinanghat	75	150	-	45	
Kalmeshwar	595	1190	893	19	
Karanja	60	120	-	175	

Industry Name	Industrial Rates	Commercial Rates	Residential Rates	Avg. Distance from Wardha Dry Port (in Km)	Industries Present
Katol	200	400	300	50	<ul style="list-style-type: none"> <li>• Mahindra Ltd.</li> <li>• Mayur Mineral Works</li> <li>• Milan Steel &amp; Metal Enterprises</li> <li>• Mini Iron &amp; Steel Pvt. Ltd.</li> <li>• Nagpur Cement Products Pvt. Ltd.</li> <li>• Nagpur Refractories Pvt. Ltd.</li> <li>• Omega Polycoats</li> <li>• Paramount Chemicals</li> <li>• Polyfilms Industries</li> <li>• Rasik Paper</li> <li>• S. S. Industries</li> <li>• Sanvijay Rolling &amp; Engg. Ltd.</li> <li>• Indus Paper</li> <li>• Supreet Food Industries</li> <li>• Epsilon Cables Pvt. Ltd.</li> <li>• Vidarbha Beverages</li> <li>• Vidharba Plastics pvt. Ltd.</li> </ul>
Kuhi	70	140	-	75	
Lakhandur	35	70	-	129	
Mohadi	70	140	-	119	
Mul	60	120	-	162	
Nagbhid	70	140	-	103	
Nagpur (Hingna)	2130	4260	3195	45	

**For the purpose of analysis in this proposal, a reference range of ₹ 200 to ₹ 2130 per sq. mt. has been adopted.**

The industrial land rates are significantly low in regions far from Nagpur, as the MIDC regions nearer to Nagpur have established facilities, connectivity and client base, the land rates tends to get higher. The highest one being Nagpur (Hingna) with INR 2130 per square meter.

(j). **Step 4: Calculation of recommended Land Rates**

The approach adopted for the land pricing is consistent with the latest guidelines published by the Tariff Authority for Major Ports (TAMP), 2015. The details of the working carried out for the valuation is mentioned in this section. The other key parameters used for valuation are as follows:

Parameters	Amount	Unit of Measurement
Lease Period	30	Years
Lease Rental Value	6% of the Capital Value of Land	INR per sq.m. per annum
Escalation every	1	Year
Lease Rental Escalation	2%	Per annum (As per Land Allotment Guidelines adopted by JNPT)
Discount Rate <sup>n</sup>	7.25%	10 Year G-Sec Yield rate for Q2 (2017-18) as per RBI Bulletin January 2018

In consideration of the factors mentioned above, a detailed working has been carried out on cost recovery approach and guidelines of Land Policy.

(i). **In terms of Annual Lease Rental Option**

	<b>Unit</b>	<b>Value</b>
Actual cost of 346 acres of land in the year 2017	₹	82,33,97,960
Cost of Land considered for recovery in Phase-I development	₹	20,60,23,808
Total Project Cost (excluding IDC) as per <b>Step 1</b>	₹	14,63,90,315
<b>Total Cost to be Recovered from the Developer</b>	₹	35,24,14,123
Cost of Land per Acre (including development charges) of Phase-I area (Considering Saleable Area of 42.78 acres)	₹ Lakhs per Acre	82
Market Value of Land per sq.m.	₹ Per Sq.m.	<b>2036.08</b>
<b>Annual Lease Rental per sq.m.</b>	<b>6% of Cost</b>	<b>122.17</b> <b>Say (130)</b>

The discount rate for 10 years G-Sec Yield rate published by RBI has been considered for the purpose, since the 10 year G-Sec are more tradable and marketable than the 30 year G-Sec.

(ii). **In terms of Upfront Premium Payment**

In this method, the annual lease rentals as calculated above i.e ₹ 130 per sq.m. per annum have been escalated at the rate adopted as per the guidelines and the Net Present Value of the amounts in each year has been calculated at the discount rate of longest term G-sec rate published by RBI in January 2018.

With the above given inputs, the Lease rental values have been escalated at 2% per annum for 30 years and the NPV has been calculated at a discount rate of 7.25%. **Net Present Value (NPV) of the Annual Lease Rentals for 30 years lease has been worked out to ₹ 1927 per sq. mt. (Say ₹ 2000 per sq. mt.)**

(k). The pricing strategy has been reviewed diligently by the Board of JNPT & Land Allotment Committee and has been found to be appropriate for the first phase of bidding for the Dry Port. In view of the same, JNPT decided to adopt the same as the Minimum Reserve Price for Upfront Payment towards the lease of the land to be allotted. The rates mentioned above are for allotment purpose in Dry Port area (Phase-I) only.

Further, after finalization of the first phase of the tendering process, the highest offer received by the port would be considered as the Minimum Reserve Price for next phase of tendering process for land allotment in Dry Port area.

Further, keeping in view the intention of the port to bid out the Dry Port land by end of February 2018 admeasuring approx. 35 hectares in the first phase of bidding, TAMP is requested to approve and notify the recommended rates at the earliest.

3.3. The relevant extract of the Scale of Rates furnished by the JNPT is reproduced below:

**“Scale of Rates for Allotment of Port Land:**

Allotment of land for the development of Dry Port as per the rate indicated below:

<b>Sr. No.</b>	<b>Zone</b>	<b>Reserve Price in terms of Annual Lease Rentals (₹ per sq.mt per annum)</b>
1	Land inside the Dry Port area in Parsodi and Dorli, Distt. Wardha, Maharashtra	130/-

“

3.4. As noted from the Report of the LAC, the development cost to be incurred on Railway siding and internal road development has not been considered for lease calculation, considering it as an upfront investment from JNPT to operationalize the project, provide basic utilities and to keep prices competitive.

4. In accordance with the consultative procedure prescribed, a copy each of the JNPT proposal dated 17 January 2018 and 17 February 2018 was forwarded to the concerned users/ user organisations/ prospective allottees (as per the list furnished by JNPT) for their comments. The Allcargo Logistics Limited (ALL) has furnished its comments, which was forwarded to the JNPT as feedback information. After reminders dated 16 March 2018 and 03 April 2018, the JNPT vide its letter dated 10 April 2018 has furnished its comments.

5. Based on a preliminary scrutiny of the proposal, the JNPT was requested vide our letter dated 27 February 2018 to furnish information/ clarification on a few points. After reminders dated 16 March 2018 and 03 April 2018, the JNPT has responded vide its email dated 04 April 2018. The information/ clarification sought by us and the response of JNPT thereon are tabulated below:

<b>Sl. No.</b>	<b>Information/ clarification sought by us</b>	<b>Reply of JNPT</b>
(i)	The JNPT to clarify whether the land in dry port area at Parsodi and Dorli is covered under the Land Use Plan of JNPT.	The Land Use plan of JNPT considers the area within port limits only. Since, the dry port area is not within the port area in Nhava Sheva, Navi Mumbai; the development plan and land use classification for the said land as specified in Wardha development plan has been considered.
(ii)	The Report of the Land Allotment Committee furnished by JNPT vide its letter dated 17 February 2018 draws reference to the Report of the Project Advisor M/s. Ernst & Young LLP relating to fixation of Minimum Reserve Price for land allotment in Dry Port area. The copy of the said Report is not found attached with the Report of the Land Allotment Committee. The JNPT to furnish a copy of the same.	The copy of the report of the project Advisors i.e. M/s Ernst & Young LLP is furnished by JNPT.
(iii)	The proposal of JNPT states that the Land Allotment Committee (LAC) discussed and analysed the various factors given in the Land Policy Guidelines, 2014, for determination of market value of the land. However, the Report of the LAC does not reflect the said position.	While fixing the land lease rates, the Land Allotment Committee has reviewed and is in consensus with the methodology adopted by the Project Advisor M/s. Ernst & Young LLP in their report. All the factors mentioned in Clause 13 of the Land Policy have been considered and item wise analysis has been given.

(iv)	The JNPT to consider to propose conditionalities with regard to granting right of way permission for laying pipelines/ conveyors, in line with the stipulations contained at Clause 14 of revised Land Policy Guidelines, 2014.	We propose to accordingly add the following relevant clause in the Scale of Rates – “The Right of Way permission for laying pipelines/ conveyors etc. (if required), within dry port area shall be given with approval of the Board. It shall neither be a lease nor a license. There shall not be any allotment of land to a party for giving Right of Way permission. These shall be laid on common user basis and if the same pipeline is required by any other party, it shall be spared, on such terms as agreed between the parties and the Port Trust Board. The parties shall have to abide by the conditions specified by the Port.”
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6.1. A joint hearing in this case was held on 20 April 2018 at the Office of this Authority. At the joint hearing, the JNPT made a Power Point presentation of the proposal. The JNPT and the concerned users/ organization bodies have made their submissions at the joint hearing.

6.2. As decided at the joint hearing, the users were requested to furnish their comments/ additional comments on the proposal. Accordingly, Central Warehousing Corporation (CWC) has furnished its comments vide its letter dated 05 April 2018, which was forwarded to the JNPT as feedback information. The JNPT has responded vide its letter dated 10 April 2018.

7. While furnishing the information/ clarification vide its e-mail dated 05 April 2018, the JNPT has indicated that the port has envisaged to provide option to the private investor to bid for entire area as well as the Phase-I area. The port has stated that a supplementary proposal is being prepared by it and shall be sent to TAMP, post approval from Competent Authority. The JNPT did not categorically stated about whether there would be any change in the Scale of Rates submitted by JNPT under cover of its email dated 05 April 2018 and whether its initial proposal of January 2018 on the subject should be kept on hold. The JNPT was, therefore, requested vide our letter dated 06 April 2018 to clarify the position. In this connection, the JNPT vide its letter dated 10 April 2018 has stated that there is no change envisaged in the Scale of Rates submitted to TAMP earlier for Phase-I area of the Dry Port and that the JNPT proposal of January 2018 for Phase-I need not be kept on hold.

8. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>.

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

- (i). The JNPT has conceptualized to develop a Dry Port area on 346 acres of the land in the Wardha district located in the Vidarbha region of Maharashtra. The JNPT has acquired the land in the year 2017 at ₹ 82.34 crores (rounded off) including compensation amount paid to farmers at ₹.7 lakh per acre, stamp duty and Registration charges. It envisages to develop the land in three phases for Inland Container Depot and Industrial area to provide captive demand for the Dry Port. The Prospective Developer would develop the ICD and the associated facilities like container yard, Warehouse, Truck Terminals, Fire Station etc. The JNPT would develop common area like Railway siding, work shop, buildings, Fuel Station etc. While all the three phases involve development of associated facilities and common area, Phase-I involves development of ICD, requisite associated facilities by the Prospective Developer and common area by the JNPT. The proposal of the port is to fix lease rental for allotment of land area to the

Prospective Developer for development of ICD and associated facilities in the first phase of development based on the stipulations contained in the amended Land Policy Guidelines of 2014. The proposal of the port has the approval of its Board of Trustees.

- (ii). Despite the plan that the dry port area would be developed in a phased manner, the proposal filed by JNPT in January 2018 is for fixing the lease rental for the land to be developed in Phase – I only. Subsequently, though the JNPT communicated that it is in the process of preparation of a supplementary proposal to enable the investor to bid for entire area as well as the Phase-I area, it has categorically stated that there is no change envisaged in the Scale of Rates submitted to this Authority for Phase-I area of the Dry Port and that the JNPT proposal of January 2018 for Phase-I need not be kept on hold. Hence, the JNPT proposal of January 2018 alongwith the information/ clarification furnished by the JNPT during the processing of the case in reference is considered in the 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 also stated that the lease rental is to be fixed following the Land Policy Guidelines. Accordingly, the proposal of JNPT has been taken up for fixing lease rental following the latest Land Policy Guidelines of 2014, issued by the Ministry of Shipping (MOS) to all the Major Port Trusts on 17 July 2015.
- (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 Chairman (i/c) and with Chief Manager (Finance), Chief Manager (Traffic) and Chief Manager (PPD) 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 listed thereunder. In terms of the said para of the amended Land policy guidelines of 2014, the LAC normally is to 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.
  - (b). Further, as per clause 13 (c) read with clause 13(a) and (b) of the 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) of the land policy guidelines of 2014. The amended Land Policy guidelines of 2014 also stipulate that in case the LAC is not choosing the highest factor, the reasons for the same have to be recorded.
  - (c). Of the five factors prescribed in the amended Land Policy Guidelines, 2014 for arriving at the market value of the land, the LAC is reported to

have observed that allotment of land parcels at the State Government's Ready Reckoner rate ₹5.45 per Sq. meter per month would not recoup the investments of JNPT in developing the land parcels and building the infrastructure for operationalizing the Dry port area. The LAC is also reported to have not taken into account the sale transactions recorded in the vicinity of the Dry port area, on the ground that acquisition of the land by JNPT is the latest land transaction concluded in the area and that the lease rent so worked out at ₹ 2.92 per sq. meter per month based on the said acquisition cost would not be sufficient to recoup the investment of ₹ 82.34 crores incurred by JNPT. Further, since the port had not floated any tender for auction of the land in dry port area, such rates were not available for consideration of the LAC. Also, since the land has been acquired by the port recently and since the actual investment by the port is available, the LAC is reported to have not felt the necessity to determine the market value of the land by an approved valuer. In view of the above position, the LAC has decided to adopt 'any of the factor' as stipulated in the Guidelines. In this connection, the LAC is seen to have worked out the land pricing taking into account the land acquisition cost and the cost of development of infrastructure facilities to be spent by JNPT for Phase-I of the Project.

- (d). By taking into account the acquisition cost along with the estimated development costs related to the Phase-I, the market value of the land has been arrived at ₹ 2032.68 per sq.m. Thereafter, based on the stipulation in Clause 13(b) of the amended Land Policy Guidelines 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, the Lease rental at 6% of the market value of the land has been worked out to about ₹ 122/- per sq.m per annum. The lease rental has been rounded off to ₹ 130/- per sq.m per annum by JNPT. A statement showing the workings in this regard is attached as **Annex – I**.
- (e). Considering an annual escalation of 2% per annum on the lease rental of ₹ 130/- per sq.m per annum for a period of 30 years and applying a discounting factor of 7.25%, the net present value of the one-time upfront amount to be paid by the allottee has been worked out by JNPT at ₹ 1927/- per sq.m., which has been rounded off to ₹ 2000/- per sq.m for allocation of land on 30 year lease basis.
- (f). The All Cargo Ltd., who was consulted on the subject proposal is of the view that the methodology of clubbing development cost and land acquisition cost is flawed; while value of land appreciates, value of infrastructure developed on the said land would depreciate. In this regard, the port has stated that similar approach is practiced across various governmental organizations, PSUs and industrial estate providers, for determining land value. Incidentally, a similar approach was considered by the JNPT while determining the lease rent for the land to be allotted by JNPT in the Special Economic Zone (SEZ) area, which was considered by this Authority. In this context of the observation made by the All Cargo Ltd., it has to be recognized that the JNPT has considered the Reserve Price at the minimum level of 6% of the market value to determine the Annual Rent and the Annual escalation at the minimum level of 2% while the relevant clause of amended Land Policy Guidelines does not stipulate any ceiling in respect of these two factors.
- (vi). The pricing strategy is reported to have been reviewed diligently by the Board of JNPT and the LAC, and has been found to be appropriate for the first phase of bidding for the Dry Port area (Phase-I). Given that the LAC has, after considering the market valuation of land as explained above, arrived at the proposed lease rental and also recognising that the Board of Trustees of JNPT have approved the



rate finalized 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 proposed rental of ₹.130/- per sq.m per annum.

- (vii). The All Cargo Ltd. and CWC have objected to the proposed rental of ₹ 130/- per sq.m per annum on the ground that the rate is very high when compared to the lease rent in nearby industrial estate. In this regard, as rightly viewed by JNPT, lease rates depend on various factors such as location, facilities, infrastructure, connectivity etc. Since the lease rentals have been determined by the port based on the stipulation contained in the amended Land Policy Guidelines, the port is of the view that the rental proposed for the dry port area is in order.
- (viii). The JNPT has proposed definitions for the terms viz., 'Board', 'TAMP', 'Chairman' and 'Land', which are seen to be in line with the definitions prescribed for the said terms in the Major Port Trusts Act, 1963, and hence are approved.
- (ix). The JNPT has proposed a note to the effect that the prescribed Scale of Rates shall be subject to annual escalation @ 2% per annum on the annual lease rental unless and otherwise revised by the applicable laws.

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. In this context, it is relevant to mention here that the Rent Schedule fixed now will be valid for a period of five years. As such, the annual escalation of 2% as proposed by the port now should also remain valid during the tenure of the validity of the Rent Schedule, unless and until a new Land Policy prescribing a different escalation factor comes into effect during the tenure of the validity of the Rent Schedule. Accordingly, the note proposed by the JNPT is approved.

- (x). The JNPT has proposed a note to the effect that the Scale of Rates for lease of Land in the Dry Port area shall be revised/ reviewed after five years with the approval of Competent Authority in accordance with the applicable Land Policy Guidelines. The revised lease rental shall be applicable on fresh leases effective from the date of implementation of the Order passed by the Competent Authority. Clause 13(c) of the revised Land Policy Guidelines, 2014, mandates this Authority to revise Scale of Rates once in every five years. Accordingly, the note proposed by the JNPT is approved.
- (xi). The JNPT has proposed a note to the effect that the Scale of Rates shall be subject to the conditions and stipulations prescribed in the Policy Guidelines for Land Management, 2015 and subsequent amendments (if any) and other applicable laws and regulations communicated by the Government from time to time. The proposed note is approved.
- (xii). The JNPT has proposed a note to the effect that the Right of Way permission for laying pipelines/conveyors etc. (if required), within dry port area shall be given with approval of the Board. It shall neither be a lease nor a license. There shall not be any allotment of land to a party for giving Right of Way permission. These shall be laid on common user basis and if the same pipeline is required by any other party, it shall be spared, on such terms as agreed between the parties and the Port Trust Board. The parties shall have to abide by the conditions specified by the Port. This note is seen to be in line with the Land Policy Guidelines of 2014 and hence, is approved.

10.1. In the result, for the reasons given above and based on a collective application of mind, this Authority approves the Scale of Rates for allotment of Land at Dry Port area along with the conditionalities attached as **Annex – II**.

10.2. As per the general approach followed by this Authority to make the Rent Schedule for prospective effect with the lead time of 30 days during the first time of determination of rentals for port properties, the Scale of Rates shall become effective after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force for five years. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

**(T.S. Balasubramanian)**  
Member (Finance)

WORKINGS TO ARRIVE AT THE LEASE RENTAL FOR THE JNPT DRY PORT AREA							
1	Total area earmarked for Dry Port (1 hectare = 2.47105 acres)					140 hectares (346 Acres)	
2	Phase wise development envisaged (in sq.m)						
		<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>			
	Area to be developed	173087.94	146501.30	214537.30			
	Common area	106546.08	24270.01	53912.46			
	Road area	69870.00	20160.00	62820.00			
	Total area (in Sq.m)	349504.02	190931.31	331269.76	<b>871705.09</b>	sq.m	
	Total area (in acres) (1 acre = 4046.86 sq.m)	<b>86.36</b>	<b>47.18</b>	<b>81.86</b>	<b>215.40</b>	acres	
	Total area (in hectares) (1 hectare = 2.47105 acres)	34.95	19.09	33.13	<b>87.17</b>	hectares	
3	Acquisition cost in 2017		823397960	Rupees			
	Area acquired		346	Acres			
	Acquisition cost per acre		2379762.89	Rupees			
	<b>Acquisition cost to be recovered in Phase I (86.36 acres)</b>		<b>205516323.20</b>	<b>Rupees</b>			
4.1	Development cost for Phase I (Base construction cost)		131053914				
		Y1	Y2	Y3			
4.2	Apportionment of Base construction cost	35%	50%	15%			
	Escalation factor (y-0-y)		2%	2%			
	Apportioned Base construction cost	45868870	66837496	20452274			
	1% Insurance	458689	668375	204523			
	1% Preliminary cost	458689	668375	204523			
	3% Contingency cost	1376066	2005125	613568			
	1% Marketing cost	458689	668375	204523			
		48621002	70847746	21679410			
4.3	Total		141148158				
	2% escalation on base cost towards increase in fuel & labour cost		2621078				
	2% escalation on base cost towards project monitoring consultant expenses		2621078				
4.4	<b>Development cost pertaining to Phase I</b>		<b>146390315</b>	<b>Rupees</b>			
5	<b>Total cost (acquisition + development) to be recovered in Phase I</b>		<b>351906638</b>	<b>Rupees</b>			
6	Saleable Area in Phase I		42.78	acres			
7.1	Market value of land per acre		8225961.62	Rupees per acre			
7.2	Market value of land (1 acre = 4046.86 sq.m) per Sq. Mtr.		2032.68	Rupees per sq.m			
8.1	<b>Lease Rentals @ 6% of Market value of land</b>		<b>121.96</b>	<b>Rupees per sq.m per annum</b>			

**SCALE OF RATES (SOR) FOR ALLOTMENT OF JAWAHARLAL NEHRU PORT TRUST LAND  
IN AREA ACQUIRED FOR DEVELOPMENT OF DRY PORT IN WARDHA, MAHARASHTRA.**

1. **Short Title, Commencement and Application:**

- a) This may be called “The Scale of Rates of Jawaharlal Nehru Port Trust for allotment of Port owned land for leasing purpose for Development of Dry port in Wardha, Maharashtra”.
- b) The same shall come into force on such date as specified by Tariff Authority for Major Ports (TAMP).
- c) It applies to the land located at Parsodi and Dorli village in Wardha District owned by JN Port and identified for development of Dry Port from the date of approval of the Board.

2. **Definition**

- a) “**Board**”, in relation to a Port means the Board of Trustees constituted under Major Port Trust Act, 1963 for the Port.
- b) “**TAMP**”, means the Tariff Authority for Major Ports constituted under section 47-A of Major Port Trust Act, 1963.
- c) “**Chairman**”, means the Chairman of the Board and includes the person appointed to act in his place under section 14 of Major Port Trust Act, 1963.
- d) “**Land**”, shall have the meaning assigned to it as in Section 2(k) of Major Port Trust Act, 1963.

3. **Scale of Rates for Allotment of Port Land:**

3.1. Allotment of land for the development of Dry Port as per the rate indicated below:

<b>Sl. No.</b>	<b>Zone</b>	<b>Reserve Price in terms of Annual Lease Rental (₹ per sq.mt per annum)</b>
1	Land inside the Dry Port area (Phase-I identified for ICD Development) in Parsodi and Dorli, Distt. Wardha, Maharashtra	130/-

3.2. Annual Escalation:

The prescribed Scale of Rates mentioned in Section 3.1 above shall be subject to annual escalation @ 2% per annum on the annual lease rentals unless and otherwise revised by the applicable laws.

3.3. Revision in Scale of Rates:

The Scale of Rates for lease of Land in the Dry Port area shall be refixed once in five years with the approval of Competent Authority in accordance with the applicable Land Policy Guidelines. The revised lease rentals shall be applicable on fresh leases effective from the date of implementation of the Order passed by the Competent Authority.

4. **Terms and Conditions:**

4.1. Regulations:

The Scale of Rates shall be subject to the conditions and stipulations prescribed in the Policy Guidelines for Land Management, 2015 and subsequent amendments (if any) and other applicable laws and regulations communicated by the Government from time to time.

4..2. Right of Way Permission

The Right of Way permission for laying pipelines/conveyors etc. (if required), within dry port area shall be given with approval of the Board. It shall neither be a lease nor a license. There shall not be any allotment of land to a party for giving Right of Way permission. These shall be laid on common user basis and if the same pipeline is required by any other party, it shall be spared, on such terms as agreed between the parties and the Port Trust Board. The parties shall have to abide by the conditions specified by the Port.

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**SUMMARY OF THE COMMENTS RECEIVED FROM USERS AND THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.**

<b>F. No. TAMP/06/2018- JNPT</b>	<b>Proposal received from Jawaharlal Nehru Port Trust for seeking amendment to the Order no. TAMP/19/2016-JNPT dated 6 May 2016 passed by this Authority approving Scale of Rates (SOR) for allotment of JNPT land in area allocated for Free Trade Warehousing Zone (FTWZ).</b>
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A summary of the comments of the users/ user organisations is tabulated below:

Sl. No.	Comments of the users / user organisations	Reply furnished by JNPT
<b>1.</b>	<b>All Cargo Logistics (ALL)</b>	
(i).	We do not fully understand how JNPT plans to bid out proposed land parcel into 3 parts and bid out to different LSPs (logistics service providers). We also do not understand who will be managing/ operating the common rail facility. Below mentioned comments might undergo some revision once we get aforementioned clarity.	<p>The objective is to encourage participation of the investors in the bid and operationalize the project. The Bidder shall be given opportunity to bid for entire area or only the Phase-I based on their capacity, expertise and interest.</p> <p>The Phase-I is intended for Inland Container Depot (logistics facility) only, while the subsequent phases include development of industrial plots also. These industrial plots shall be allotted to the interested parties who wish to setup a manufacturing/ export oriented units in the area.</p> <p>The operator of the logistics facility is expected to be the sole ICD operator in the project area. Further, it is also envisaged that the Phase-I (ICD) operator shall manage/ operate the railway facility and be the operator for handling cargo/ containers within the project area.</p>
(ii).	INR 130/sq.m. per year is an unrealistic number (very much on the higher side).	The methodology followed for land pricing is in accordance with the guidelines of the "Policy Guidelines for Land Management by Major Ports, 2014" specified in Clause 13 for assessing market value of the land and accordingly notifying a % of the land value for lease rentals.
(iii)	The basic flaw in the calculation is clubbing development cost (civil+mech/electrical) with land price. While the former depreciates and requires periodic maintenance, land value will only appreciate.	The cost of acquisition of land plus the development cost to be incurred by the port has been factored as the market value of the land. Similar approach for determining land value is practiced across various governmental organizations, PSUs and industrial estate providers.
(iv).	As mentioned in the JNPT proposal (pg. 17, point no E, sub point 4), proposed dry port at Wardha will add tremendous value to JNPT in terms of mobilising/ channelizing additional volumes from hinterland towards JNPT (the port trust would gain in terms of higher revenue share contribution due to higher volumes). Therefore, it is logical for the port to absorb part of the market/ business development risk as well. Therefore, the Port Trust should segregate income — land lease rental and development cost recovery through royalty / revenue share as a % of top line /bottom line earnings.	It may be noted that a substantial part of the capital expenditure for the project is envisaged to be incurred by the port. The major components include the Railway Siding, internal circulation roads and provision of water & power. As such, a major portion of Financing risk has been shared by the port, which will increase liquidity for the private party to develop the project.

(v).	30 year tenure is too low for such a facility. High capex facilities at greenfield locations should not consider anything below 50 years.	Point noted.  The proposal for lease period extension is being considered to be put up for deliberation and approval by the Ministry of Shipping.
(vi).	Price benchmarking with MIDC Wardha/ Nagpur is not like-to-like. MIDC facilities are being used for industrial manufacturing, where land cost is a fraction of the total topline or total development cost. On the contrary, for an LSP, land is a significant % of the total project cost. Therefore, one will not find 3PL operators and other LSPs taking up massive space in MIDCs. Moreover, the JNPT proposal also mentions an industrial estate at Samudrapur (25km from proposed Wardha dry port), which is closer than Wardha or Nagpur MIDC. This Samudrapur industrial estate is currently priced at INR 70/sq.mt., this number has not been taken into consideration while fixing minimum land lease price.	As mentioned earlier, the development concept includes Industrial facilities also within the project area, hence the benchmarking is relevant.  The specific lease rates depend on various factors such as location, facilities, infrastructure, connectivity etc. The price benchmarking has been done for Wardha Dry Port area to assess the range of lease rates that are prevalent in the market and determine if the lease rates derived by the port fall within the range.  The Samudrapur MIDC is the only MIDC in the region with a lower lease rate as even compared to MIDC Wardha (₹ 200 per sq.mt.).
(vii).	The cost of developing common user facilities is calculated on 87.38 acres but apportioned over the saleable area of 42.78 acres only. This inflates the price by almost 100%.	The port shall be developing the trunk infrastructure, circulation roads, power and water supply networks etc around the site, hence the cost apportioned only for Phase-I (proportionate to area) has been considered. Accounting for the open spaces, internal roads, utilities etc., the overall usable area in Phase-I is less than total. The area of 42.78 acres shall be one contiguous parcel which shall be allotted to the private investor for development. The land use plan provided in the proposal may be referred.
(viii).	For land lease charges, regular method using 6% annual yield should be used (this will amount to INR 35/sq.mt./ yr., @2%yoy escalation). For recouping the development cost, JNPT should consider the additional income generated from additional volumes at the port. Or, a separate private operator may be sought for running the common user facilities and they can charge a market driven common fee to all dry port users (similar to airport model where terminal charges are being levied to all airline operators, who in turn pass it on to passengers).	As per the Clause 13 of the Land Policy Guidelines, the highest of the five factors has to be considered. The port has endeavored to keep the prices competitive to the extent possible and has not considered the railway cost and internal road cost to be loaded in the lease rates.

2. A summary of the arguments made by the JNPT and the users/ user organisations during the joint hearing held on 12 March 2018 is given below:

### **Jawaharlal Nehru Port Trust (JNPT)**

- (i). The land area admeasuring 345 acres has been earmarked to be developed as a Dry Port in three phases. Out of this, about 82 acres is envisaged to be developed in 1<sup>st</sup> phase as an Inland Container Depot (ICD). The 2<sup>nd</sup> and 3<sup>rd</sup> phases will be developed as Industrial area. The proposal of JNPT is with regard to fixing lease rent to be levied for allotment of land in 1<sup>st</sup> phase only.
- (ii). For the purpose, the acquisition cost as well as the development cost pertaining to the phase 1 has been taken into account. Lease rent has been calculated @ 6% of the total cost.
- (iii). The development costs envisaged to be incurred by the JNPT are towards some basic infrastructure viz., Construction of Building Works, Electric Substation, Compound Wall, ESR & Water Supply Pipe

Lines, STP & STP Lines, Levelling & Consolidation, Construction of Fuel Stations, Fire Fighting Station, Railway Handling Area and Entry Exit with Canopy.

(All Cargo Ltd.: Clubbing of development cost with price of land is not correct. While the value of infrastructure depreciates and requires periodic maintenance, land value will only appreciate. Moreover, the development cost of entire land area is being apportioned over the saleable area only. This has inflated the lease rent.)

(CWC: If lease rent @ 6% is calculated on only the acquisition cost of land, it will be only about ₹ 35/- per sq.m per annum. By adding the development cost, it has been worked out by JNPT at ₹ 130/- per sq.m per annum.)

- (iv). The development cost pertaining to the Phase 1 only has been considered. Since the JNPT is providing with some basic infrastructure by incurring some costs, it is appropriate on the part of JNPT to recoup the amount incurred by it, by way of rentals. These basic facilities are being provided on a common user basis. Hence, these costs have to be apportioned towards cost of land. This is the normal practice followed while determining the cost of land.

(CWC: Is the cost towards railway siding included under cost of rail handling area?)

- (v). JNPT will make available the siding platforms, tracks and the signaling system. The other relevant individual approvals and the operations at the siding will have to be carried out by the operator of the facility.

- (vi). The entire land in phase 1 is envisaged to be given to one bidder on lease basis for a period of 30 years.

(All Cargo Ltd: The lease period of 30 years is very less and should be increased to 50 years. This will help the Operator of ICD facility to take informed decision in respect of its long term sustainability in the said business.)

- (vii). The Land Policy Guidelines prescribes a lease period of 30 years. For grant of lease for a period exceeding 30 years, JNPT will have to seek approval of the Government. This aspect can be looked into.

- (viii). A Land Allotment Committee (LAC) as stipulated in the Land Policy Guidelines was constituted under the chairmanship of Chairman i/c. As stipulated in the guidelines, the LAC has evaluated the market value of lands under the five options as listed in the Guidelines.

### **Cetral Warehousing Corporation (CWC)**

- (i). In its proposal, the JNPT has stated that its objective is to generate employment and facilitate trade and not to earn high revenues from the land. Port is providing with only basic infrastructure. The operator of the facility has to fend for itself by obtaining the necessary approvals and developing the ICD. As such, the proposed lease rentals of ₹ 130/- per sq.m per annum is seen to be on a higher side. It is not acceptable to us.

- (ii). We will give our written submissions.

### **All Cargo Logistics (ALL)**

- (i). We have already given our written submissions.

### **JNPT**

- (i). We will call a meeting of all stakeholders including CWC and All Cargo to understand their issues and we will clarify.

3. A summary of the additional comments of the users/ user organisations and the response of JNPT thereon is tabulated below:

Sl. No.	Comments of the users / user organisations	Reply furnished by JNPT
1.	<b>Central Warehousing Corporation (CWC)</b>	
(i).	<p>The proposed Reserve Price of Rupees 130/- per sq. mtr. for allotment of land for proposed ICD at Wardha appears to be on higher side and needs some reduction for ensuring reasonable and suitable participation of the interested parties. The existing business of running of CFS activities has not remained as much lucrative as it used to be in earlier years due to highly competitive market conditions, increase in number of CFSs. Further, the Govt. of India has adopted the policy of 'Direct Port Delivery' and presently handling of import containers under the 'Direct Port Delivery' has reached the percentage of more than 30% against total TEUs being handled by JNPT, thereby declining the volume of business for CFS/ICD operators in big scale which was earlier available for CFS operators. This has affected the margin of income of CFS operators to the great extent as the ample of capacity is lying idle in the absence of sufficient volume of EXIM business. On the other hands, the establishment cost of the CFS has increased tremendously.</p>	<p>The methodology followed for land pricing is in accordance with the guidelines of the "Policy Guidelines for Land Management by Major Ports, 2014" specified in Clause 13 for assessing market value of the land and accordingly notifying a % of the land value for lease rentals.</p> <p>The cost of acquisition of land plus the development cost to be incurred by the port has been factored as the market value of the land. Similar approach for determining land value is practiced across various governmental organizations, PSUs and industrial estate providers.</p> <p>It may be appreciated that major portion of cost attributable to construction of railway terminal and internal roads in Phase –I has not been factored for lease rentals calculation.</p>
(ii).	<p>The proposed 30 years tenure for allocation of land seems to be very lower side. It is suggested that 60 years lease period of land will be appropriate keeping in view high cost involved for purchasing land, building of infrastructure for creation of ICD and fulfilling various obligations, including statutory obligations like payment of property tax to Grampanchayat, Service Charges to CIDCO/ Municipal Body, N.A. Tax to Tehsildar etc. Besides, ICD/CFS operators have other responsibilities like fulfilling Customs requirement, providing various facilities to Customs' officers/staff, payment of cost recovery charges, establishment cost and other operation costs and miscellaneous expenses etc. for running of ICD/CFS etc.</p> <p>It is pertinent to mention that in the vicinity of JNPT in Navi Mumbai, the CIDCO (nominated as Town Planning Authority) has allotted land to many CFS-operators, including CWC, for the lease period of 60 years.</p>	<p>Point noted.</p> <p>The proposal for lease period extension is being considered to be put up for deliberation and approval by the Ministry of Shipping.</p>
(iii).	<p>It is observed that the estimated cost of developing common user facilities has been calculated by taking into account the total land of 87.38 acre but saleable area is only 42.78 area only. Due to such methodology, the said cost has increased almost 100%.</p>	<p>The port shall be developing the trunk infrastructure, circulation roads, power and water supply networks etc. around the site, hence the cost appropriated only for Phase-I (proportionate to area) has been considered. Accounting for the open spaces, internal roads, utilities etc., the overall usable area in Phase-I is less than total. The area of 42.78 acres shall be on contiguous parcel which shall be allotted to the private investor for development. The land use plan provided. The land use plan provided in the proposal may be referred.</p>