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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 574

New Delhi,

17 November 2021

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Sections 49 of the Major Port Trusts Act, 1963 (38 of 1963), has disposed of the proposal received from the Deendayal Port Trust (DPT) for revision of rate structure of Salt Land of DPT for the period from 05 July 2020 to 04 July 2025 under Policy Guidelines for Land Management, 2015 (PGLM 2015). Considering the time involved for notifying (Speaking) Order along with the Scale of Rates, approved by this Authority, this Authority decided to notify only the revised rate structure of lease rent for salt land immediately. Accordingly, the Scale of Rates of lease rent for salt land of DPT approved by this Authority on 26 October 2021 was notified in the Gazette of India on 01 November 2021 vide Gazette No.536. 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 DPT for revision of rate structure of Salt Land of DPT for the period from 05 July 2020 to 04 July 2025 as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/50/2021-DPT

Deendayal Port Trust

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Applicant

QUORUM

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

ORDER

(Passed on this 26th day of October 2021)

This case relates to the proposal dated 15 September 2021 received from the Deendayal Port Trust (DPT) for revision of rate structure of Salt Land of DPT for the period from 05 July 2020 to 04 July 2025.

2.1. The lease rent for Salt land of DPT was last revised by this Authority vide Order no. TAMP/79/2015-KPT dated 02 May 2016. The revised lease rental was implementable with retrospective effect from 05 July 2015 and valid for a period of five years, i.e. up to 04 July 2020.

2.2. At the request of DPT, the validity of the existing rate structure for the Salt land of DPT was extended from time to time and last extended from the date of expiry till 04 January 2022 or date of effect of notification of the revised lease rentals, whichever is earlier. The DPT was directed to file its proposal for revision of rate structure of Salt land by 31 October 2021.

3. The Ministry of Shipping(MOS) vide its letter No.PD-13017/2/2014-PD.IV dated 17 July 2015 issued modified provisions of the Land Policy Guidelines 2014(hereinafter termed as Policy Guidelines for Land Management 2015- PGLM 2015) for implementation with immediate effect to Chairmen of all the Major Port Trusts. Thereafter, MOS vide letter No.PD-13017/2/2014-PD.IV dated 29 April 2019 issued Clarification Circular (Land Management) No.1 of 2019-20 for Policy Guidelines for Land Management, 2015 (PGLM-2015) to the Chairmen of all the Major Port Trusts.

4. Following the provisions of PGLM-2015, the DPT, vide its email dated 15 September 2021 has submitted its proposal for revision of Scale of Rates of Salt land of DPT and has made the following submissions in its proposal:

- (i). The existing Scale of Rates(SOR) of Salt land of DPT for the period from 05 July 2015 to 04 July 2020 was last approved by the TAMP vide Order No.TAMP/79/2015-KPT dated 02 May 2016, which was notified in the Gazette of India on 26 May 2016. The rate approved by the TAMP has expired on 04 July 2020 and is due for revision from 05 July 2020 as per Policy Guidelines of Land Management, 2015 (PGLM 2015) which provides for SOR to be re-fixed every five years.
- (ii). As per the provision of Policy Guidelines of Land Management 2015, DPT has engaged M/s. Suchdev Associates, Rajkot, Government approved valuer finalized through E-Tendering process vide work order dated 23.02.2021 for carrying out the valuation of Salt Land and Village Veera to Jungi. The valuer has submitted its report on 06.08.2021 [DPT has furnished copy of valuation report].
- (iii). The Board of Trustees of DPT has constituted the Land Allotment Committee (LAC) headed by the Dy. Chairman of the DPT and F.A. & C.A.O, Chief Engineer & HOD (E) and Traffic Manager as Members.
- (iv). The LAC in its meeting held on 06 August 2021 has taking into consideration the provisions of Clause 13 (a), (b) and (c) of Land Policy Guidelines (LPG) 2015 and report of the valuer made the following observations, as regards the 5 factors mentioned in the LPG 2015 to arrive at the market value of Land.
 - (a). **State Government's ready reckoner of land values in the area, if available for similar classification / activities:**

The guideline rates were last revised in 2011; and are for industrial land, commercial land and residential land and based on market inquiry. It is observed that these are not the representative of the market rate of Salt Land, as well as there is very large variation.

- (b). **Highest rate of actual relevant transactions registered in last three years in the Port's vicinity (the vicinity of the port is to be decided by the respective Port Trust Boards), with an appropriate annual escalation rate to be approved by the Port Trust Board:**

On perusal of the revenue records of all the relevant adjoining villages, it is observed that not a single sale transaction of Salt Land is recorded in revenue records.

- (c). **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:**

The Highest accepted tender-cum auction rate of Port land for similar transactions is ₹67,800.63 per acre/annum, considering the 2% escalation per annum on ₹65,167.85 per acre / annum i.e. Highest rate of 2018 for the purpose of salt production.

The details of successful E-Tender cum E-Auction carried out by the DPT forms part of Valuation Report as Annexure. The average rate of last 3 years successful auction is ₹33,095.44 per acre /per annum.

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

DPT has engaged the Suchdev Associates, Rajkot, Government approved valuer for carrying out the valuation of Salt land of DPT from Village Veera to Village Jungi, Dist.Kutch.

The valuer has submitted its report on 20-05-2021. The valuer has recommended revised rate at ₹25,415.11 per acre / per annum. The main points made by the approved valuer in the valuation report are summarized below:

- (i). Internationally, salt prices have dropped in last 3-4 years. This is owing to economic and industrial slowdown, further dampened by Covid-19 lately. The price trend have shown slight improvement in the last one or two quarters, but it is difficult to predict, if it will be sustained, or will go up or down.
- (ii). Salt production from this belt occupies a very important position, both for domestic edible consumption and industrial production, as well as for exports. It is important that the Salt Lands utilization be optimized for maximum benefit to the economy and the local population for financial elevation.
- (iii). Salt prices have not improved in last few years, but the slow devaluation of rupee has marginally improved the turnovers, which if viewed in relation to inflation index are negligible.
- (iv). Lease rent fixation in such a scenario is an exercise of importance, since lower rent will lead to lower revenue to DPT, while higher rent will lead to underutilization of Salt Lands, ultimately leading to loss both to DPT as well as local economy.
- (v). On following up with the State Administration (Office of the Collector of Kutch), it has been observed that all the Salt Land leased by the

Kutch Collectorate are allotted, and not auctioned. This data, thus, does not represent true market data and cannot be considered.

- (vi). Attempts to find other sources of similar auction have been unsuccessful. On verbal inquiry it is learnt that all the salt lands in this stretch belong either to State Administration or DPT.
- (vii). The size of the plots in the auction carried out by the DPT range from 10 Acres to 1611 Acres.
- (viii). The Reserve price for auction was fixed at ₹21166.85 /Acre /Annum, as in March, 2018.
- (ix). Exceptionally high bids have been received in the range of ₹40,000-81,000 /Acre / Annum.
- (x). It is important to note that many of these high bids have not been fulfilled by the bidders. Also, some high bid allotment could also not be completed due to encroachment etc.
- (xi). Some plots could not be allotted due to CRZ, categorization, or NGT orders.
- (xii). Many of the 10 acres plots did not get the minimum bids, and for others, the bid was just slightly above the reserve price.
- (xiii). All the high bids were for 99 acres plots or above, while not all big plots get high bids.
- (xiv). The number of total allottees is limited. This may be leading to a monopolist situation in bidding, and lower bids. Also, several parties have bid for, and been allotted more than one plots, which may be leading to high bidding due to synergistic value.
- (xv). The very high bids are random and sporadic, and do not display an underlying consistency or pattern, say location, distance etc. The reason for high bids can be synergistic value, besides other factors. The fact that many of the high bids were not fulfilled is indicative that the high bids may not be sustainable. Very specifically, the high bids are spread over a large area, and does not display a distance gradient to establish a distance related matrix of salt land value, from any particular node, say Port.
- (xvi). Lease rental should thus be uniform for all Salts Lands of DPT (This is also in line with court Order, as cited in the World Bank Policy Research Working Paper 6665, titled "Capturing the value of Public Land for Urban Infrastructure Centrally Controlled Landholdings" by George E. Peterson & Vasudha Thawakar, available on net at <http://openknowledge.worldbank.org/bitstream/handle/10986/16879/WPS6665.txt>).
- (xvii). Many of the plots did not get even the minimum bid, and remain unallotted and un-utilized. This, in line with the fact that salt industry is an important industry to growth and development, and considering its importance in domestic market and exports, is a factor that must be considered during the current exercise.
- (xviii). The valuer in its report dated 06-08-2021 has mentioned that the following source of market data have been considered-
 1. Sale or rent or lease of Salt Lands in open market
 2. Auction for sale or rent or lease of Salt Lands by the State Administration

3. Auction for sale or rent or lease of Salt Land by the Deendayal Port Trust
4. Auction for sale or rent or lease of Salt Land by any other Authority.

(xix). Guideline rate of Industrial Lands adjoining DPT land.

The State Govt. ready reckoner has guideline rate for Open Land, Composite rates of Residential units, Offices, Shops, Industrial Open Land & Agricultural Land (Piyat and Bin Piyat) & Minerals(where applicable), etc.

The jantri rate of Industrial land in village adjoining to the Salt Land ranges from ₹123/- to ₹5300/- per sq.mtr. i.e. ₹5 lac to 215 lacs per acre. However, it is observed by the valuer that these are not representative of the Market rate of Salt land.

(xx). The Guidelines rate of Industrial land for village adjoining to DPT land last revised in 2011 are for Industrial land; and based on market inquiry it is observed that these are not representative of the market rate of Salt land, as there is very large variation over the stretch under consideration, and hence not considered for the valuation exercise.

(xxi). Since not a single bid was received for 11 plots at the set reserve price, it is safe to assume that the reserve price was high and a lower reserve price would have attracted some bids, resulting in higher overall utilization as well as value generation.

(xxii). Since this exercise is aimed at fixing the fair reserve price for lease rentals in bidding process, the market will automatically discover the optimum value for each salt land plot, as long as it is above the reserve price.

(xxiii). The valuer has arrived at the lease rent of ₹25415 per acre/annum. Relevant part culled out from the statement furnished by the DPT as Annexure-140 of its proposal showing the basis for arriving at the proposed lease rent is tabulated below:

Sr. No.	Particulars	No. of plots	Total Lease rent (in ₹)
1	Successful auction	26	7,17,575.68 (A)
2	Unsuccessful auction	11	2,32,835.35 (Reserve price @ ₹21166.85 *11 plots)
3	Total lease rent for Unsuccessful auction at 20% lower rate		1,86,268.28 (B) (2,32,835.35*0.8)
4	Total Lease rent of 37 plots	37	9,03,843.96 (A)+(B)
5	Average lease rent of 37 plots as on 4.7.2018		24,428.22 per acre/annum (9,03,843.96/37)
6	Lease rent as on 5.7.2020 after applying 2% escalation for 2 years		25415.00 per acre/annum (24,428.22*1.02*1.02)

(xxiv). Thus, considering the various factors given in the report and other socio economic aspects of salt production, lease rent and market value of land considered by the valuer in the valuation report at page 29 is as follows:

- (i). Fair lease rental considered as in March 2018 ₹24,428.21/acre/annum
- (ii). Considering prescribed escalation of 2% per annum as per Amended Land Policy Guidelines for Major Ports, 2014, the fair lease rental as on 05-07-2020 (compounded rate) ₹25,415.11/acre/annum

- (iii). Considering Lease Rental at ₹4,23,585.16/acre
6% of Market Value of the land,
as per above guideline, Market
Value of Salt Land, as on 05-
07-2020 is arrived at
- (iv). Property Rate adopted in this ₹4,23,585.00/acre
valuation

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

The port has considered the lease rent at ₹25,415 per acre/ annum as arrived by the approved valuer for the following reasons:-

- (i). The LAC has also taken note of MOPSW D.O. letter No. PD-13017/2/2014-PD.IV dated 08/07/2015 to Chairmen of all Major Port Trusts.
 - (ii). The said d.o. letter states that it is important that while choosing the market value as per para 18 of the Land Policy Guidelines, 2014, due care is taken to choose the relevant factor which captures the realistic market value of the land. Mechanical and inappropriate application of the Land Policy Guidelines may lead to inflated and unrealistic market value which results in poor response to tender cum auctions and subsequently loss of business to the port.
 - (iii). Further, recently, the MOPSW vide their Order No.PD-13017/5/2019-PD-V dated 03.12.2019 has constituted a committee under the chairmanship of Chairman, IPA and MbPT to review of existing policy guidelines for Land Management, 2015 with special focus on investment, dedicated cargo for the port to ensure sustainability of ports in the long run, to create employment opportunities and to suggest amendments accordingly.
 - (iv). It has also expressed concern over the higher rates fixed for the land for salt manufacturing purpose, due to which land remained vacant on account of non-response from the prospective bidders and there is apprehension of unauthorized encroachments.
 - (v). There is slackening of demand in respect of salt due to depressed market conditions and recession due to Covid-19 factors.
- (v). (a). The LAC in the concluding paras has further observed that the tenders / auctions carried out in the last three years pertaining to salt land are for different sizes of plots and different locations. The rate determined through tenders is basically depended on various factors such as availability of infrastructure such as rail and road connectivity; developed land, demand and supply, purpose, similar usage of land, size of the plot etc. Therefore, the rates obtained through E-Auction for those specific plots do not reflect the realistic value of the remaining lands. If the highest of the factors is considered, it will result in poor response to tender cum auction and subsequently loss of business to the port. Therefore, it would be appropriate to choose the relevant factor which captures the realistic market value of land to enable port to sustain business. Accordingly, it is felt that the land values arrived by a land valuer is a relevant factor among the factors mentioned in the para 13 of the amended LPG-2014, so that the business of the port is not affected in the long run and the port remains an attractive investment location to the Port Users. Further, as per the provision of Land Policy Guidelines, the land is required to be put to E-Tender cum E-Auction for allotment of land, in case of expired lease not having renewal clause and vacant lands. Since, updated TAMP rate is kept as Reserve Price, considering the open competitive bidding process, DPT will automatically receive realistic market value of specific land through E-Tender Cum E-Auction. If, the location of the plot is favorable to the prospective

bidders, it will lead to competition and DPT may get higher rate over the reserve price.

- (b). In view of the above, LAC after detailed discussion and deliberations decided to recommend the market value of salt land as arrived by a Govt. Approved Valuer at ₹4,23,585/- per acre and lease rental @6% of market value at ₹25,415.00 per acre/ per annum with 2% annual escalation applicable for the period from 05 July 2020 to 04 July 2025 subject to approval of the Board and notification by TAMP as per the provisions of PGLM-2015.

- (vi). To summarise, the comparative statement showing the details of rates under five factors as per PGLM 2015 as furnished by the DPT is tabulated below:

Factors as per Clause 13(C) of PGLM, 2015	Market Value per acre for the year 2020 (Updated)	Lease Rent @ 6% per Acre / per annum for the year 2020 (Updated)
(A) State Government's ready reckoner of land values in the area, if available for similar classification / activities	The guideline rates were last revised in 2011, are for Industrial land, commercial land & residential land and based on market inquiry the valuer observed that these are not representative of the market rate of Salt Land, and there is large variation.	
(B) Highest rate of actual relevant transactions registered in last three years in the Port's vicinity (the vicinity of the Ports is to be decided by the respective Port Trust Boards), with an appropriate annual escalation rate to be approved by the Port Trust Board.	As per valuer reports, on perusal of the revenue records of all the relevant adjoining villages, it is observed that not a single sale transaction of Salt Land is recorded in revenue records.	
(C) 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.	Not furnished by DPT	₹67,800.63 (considering 2% escalation p.a. of ₹65,167.85 i.e. Highest rate of 2018 for the purpose of Salt production. The average rate of last 3 years' successful auction is ₹33095.44 per acre/annum
(D) Rate arrived at by an approved valuer appointed for the purpose by the Port. [Lease rent as on 5.7.2020 after applying 2% escalation for 2 years on rate arrived as on 4.7.2018 i.e. ₹24,428.22 per acre/ annum based on average rate of 37 plots(26 successful auction plus 11 unsuccessful auction) as brought out in earlier paragraph]	₹4,23,585/-	₹25415/-
(E) Any other relevant factor as may be identified by the Port.	Not furnished by DPT	₹25415

- (vii). The DPT has furnished a copy of the Minutes of the meeting of Land Allotment Committee (LAC) dated 06.08.2021.

- (viii). Accordingly, the Agenda was placed in the Board Meeting held on 16.08.2021. The Board of Trustees of the Port of Kandla, vide Board Resolution No.80 dated 16 August 2021 has approved market value of salt land of ₹4,23,585/- per acre and reserve price/lease rent of ₹25,415.00 per acre/per annum, which is @ 6% of market value of Salt land for the period from 05.07.2020 to 04.07.2025 with 2% annual escalation applicable for the period from 05 July 2020 to 04 July 2025, subject to notification by TAMP as per the provisions of PGLM-2015.
A copy of Board Resolution No.80 dated 16 August 2021 is furnished by DPT.

- (ix). DPT proposal states there is 15.41% hike in rate compared to updated rate of salt land in the year 2019.

[The DPT has considered updated lease rent as on 05 July 2020 @ ₹22,022/- per acre p.a. The DPT has proposed lease rent @ ₹25415/- per acre p.a. with effect from 05 July 2020 and thus DPT has worked out the percentage increase in lease rent @15.41%]

- (x). The DPT has furnished a copy of the Schedule of reserve price for salt land of DPT alongwith conditionalities.
- (xi). Meanwhile, DPT has issued provisional bills to the parties considering 2% annual escalation in the rates as compared to the previous year. Further, DPT has sought six months extension of the validity of the lease rentals of Salt land from TAMP for the period from 05 July 2021 till 04 January 2022 or date of notification of the revised lease rentals, whichever is earlier till the filing of fresh proposal.
- (xii). The DPT has, therefore, requested to consider and approve the proposal for revision of rate structure and fixing of reserve price / market value of salt land applicable for the period from 05.07.2020 to 04.07.2025 and notify the same in the Gazette expeditiously, as required under Section 49 of the Major Port Trusts Act, 1963, so as, enable to implement the revised rate from 05.07.2020.

5. A comparison of lease rent approved by this Authority vide Order No.TAMP/79/2015-KPT dated 02 May 2016 effective from 05.07.2015, updated lease rent as on 04.07.2020 applying 2% annual escalation and proposed lease rent in the instant proposal and % increase is tabulated below:

Description of Category	Lease Rent approved vide Order No.TAMP/79/2015-KPT dated 02.05.2016 effective from 05.07.2015	Updated Lease Rent as on 04.07.2020	Proposed Lease Rent effective from 05.07.2020 as proposed by by DPT	(₹ per acre p.a.)
				Proposed Increase in Lease Rent compared to lease rates as on 04.07.2020
Salt land at Deendayal Port	19,946	*21,590	25,415	*17.72%

* DPT has considered updated lease rent as on 5.7.2020 @ ₹ 22022 per acre p.a. and accordingly, the DPT has worked out percentage increase @15.41%. But, in actual terms, when compared to lease rent prevailing on date of original expiry i.e. on 04 July 2020 at ₹21,590/-, the increase in lease rent works out to 17.72% as given in the above table.

6. In accordance with the consultation process prescribed, a copy of the DPT proposal received vide email dated 15 September 2021 along with enclosures was circulated vide our letter dated 23 September 2021 to the concerned users / user organizations / lessees seeking their comments. A copy each of the comments received from the users / user organizations / lessees were forwarded to the DPT as feedback information. The DPT vide its email dated 22 October 2021 has furnished its comments.

7. A joint hearing in this case was held on 12 October 2021 through Video Conferencing. At the joint hearing, DPT made a power point presentation of its proposal and forwarded a copy of the Power Point Presentation vide its email dated 12 October 2021. The DPT and the concerned users / user organizations / lessees have made their submissions

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

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

- (i). The lease rent for Salt land of Deendayal Port Trust (DPT) was last revised by this Authority vide Order No. TAMP/79/2015-KPT dated 02 May 2016 and was given effect retrospectively from 05 July 2015 as sought by the DPT and validity prescribed for a period of five years i.e. till 04 July 2020. At the request of DPT, the validity of the existing rate structure for the Salt land of DPT was extended from time to time as a provisional arrangement to avoid a vacuum in the scenario and was last extended from the date of expiry till 04 January 2022 or date of effect of notification of the revised lease rentals, whichever is earlier.

The current proposal filed by the DPT is for revision of lease rent of Salt Land of DPT applicable for the period from 05 July 2020 to 04 July 2025 following the Land Policy Guidelines of 2015(PGLM 2015) issued by the Ministry of Shipping.

- (ii). (a). Clause 13 of the Policy Guidelines for Land Management 2015 lays down the procedure and the methodology to be adopted for determining the market value and the latest Scale of Rates of the port lands.
- (b). As per clause 11.2(e) of PGLM 2015, the DPT has constituted the LAC headed by the Deputy Chairman of the DPT & other members viz., Financial Advisor and Chief Accounts Officer, Chief Engineer & Head of Department (Estate) and Traffic Manager.
- (c). The DPT has engaged M/s.Suchdev Associates, Rajkot, a Government approved land valuer for assessing the market value of the Salt land as per Clause 13 (a)(iv) of PGLM 2015. The LAC in its meeting held on 06 August 2021, after going through the recommendations of the approved valuer and after considering the methodology prescribed under Clause 13(a)(i) to (v) of PGLM 2015 and after detailed discussion and deliberations, has recommended the market value and reserve price in terms of annual lease rent for the Salt Land at DPT. The Board of Trustees of DPT in its Board meeting held on 16 August 2021 has, based on the recommendation of the LAC, approved the market value of land and reserve price in terms of annual lease rent.

Thus, the proposal filed by the DPT which is supported with the copy of the Valuation Report of the approved valuer, report of the LAC constituted by the port recommending Reserve Price in terms of annual lease rent and which also has the approval of the DPT Board is found to be in compliance with the provisions of PGLM 2015 for fixation of scale of rates of port land and, therefore, relied upon for disposing of this case.

- (iii). (a). Para 13 (a) of the PGLM 2015 prescribes the methodology for determination of market value of the land based on the five factors prescribed therein. As per the said para, the LAC may 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 (the vicinity of the Port is to be decided by the respective Port Trust Boards), updated with an appropriate annual escalation rate to be approved by the Port Trust Board, (iii). Highest accepted tender-cum-auction rate of Port land for similar transactions, updated on the basis of the annual escalation rate approved by the Port Trust Board, (iv). Rate arrived at by an approved valuer appointed for the purpose by the Port and (v). Any other relevant factor as is identified by the Port. Clause 13(a) of PGLM 2015 also stipulate that in case the LAC is not choosing the highest factor, the reasons for the same have to be recorded in writing.
- (b). The port has appointed a Government approved valuer to arrive at the proposed lease rent based on valuation of land under different methodology prescribed in the PGLM 2015. The valuer has assessed the market value of land based on five factors prescribed in the Land Policy Guidelines as briefly explained in subsequent paragraphs.
- (iv). The valuation of salt land done under the five methods prescribed in the Land Policy Guidelines is briefly explained hereunder:
 - (a). State Government ready reckoner rate:

State Government ready reckoner was last revised in the year 2011. This value of land are for Industrial land, commercial land and residential land. They are not representative to salt land. There is very large variation over the stretch

under consideration. Hence, the valuer has not considered ready reckoner rate for the valuation exercise.

- (b). Highest actual transaction registered in the last three years in the Port's vicinity

Under this option, since there is not a single sale transaction of Salt land recorded in revenue records, the valuer has considered the market value of Salt land as Nil.

- (c). Highest tender cum auction rate for similar transactions:

Under this option, the valuer has considered the annual lease rent as on 4 July 2018 for each of the successful auction held in March 2018 and updated it to the prevailing rate as on 5 July 2020 after applying 2% escalation p.a. on base rate.

The highest rate of port land as on 5 July 2020 after applying 2% escalation over base rate for similar transaction is ₹ 67,800.63 per acre/annum. The valuer has considered the average lease rate of last 3 years' successful auctions of Salt land i.e. ₹ 33095.44 per acre/per annum as lease rent for Salt land as on 5 July 2020 under this option.

- (d). Rate arrived at by Approved valuer:

The approved valuer for the various reasons stated in the report and considering the other socio economic aspects of salt production brought out in the earlier paragraphs which are not reiterated for the sake of brevity has finally recommended lease rent for salt land at ₹25,415/- per acre/ annum and market value of land at ₹4,23,585/- per acre as tabulated below:

Sr. No.	Particulars	No. of plots	Total Lease rent (in ₹)
1	Successful auction	26	7,17,575.68 (A)
2	Unsuccessful auction	11	2,32,835.35 [Reserve price @ ₹21166.85 *11 plots]
3	Total lease rent for Unsuccessful auction at 20% lower rate		1,86,268.28 (B) [2,32,835.35*0.8]
4	Total Lease rent of 37 plots	37	9,03,843.96 (A)+(B)
5	Average lease rent of 37 plots as on 4.7.2018		24,428.22 per acre/annum [9,03,843.96/ 37]
6	Lease rent as on 5.7.2020 after applying 2% escalation for 2 years on rate arrived as on 4.7.2018 at 5 above i.e. ₹24,428.22 per acre/annum		25415.00 per acre/annum [24,428.22*1.02*1.02]
7	Considering Lease Rental at 6% of Market Value of the land, as per PGLM 2015, Market Value of Salt Land, as on 05-07-2020 is arrived at ₹4,23,585.16 per acre		₹4,23,585.16 per acre [25415/ 6%

- (e). Any other factor identified by the port:

The port has considered the rate arrived by the approved valuer for valuation of land under this method.

- (f). A statement showing the details of market value and lease rent as per the five factors prescribed in PGLM 2015 and considered by the LAC furnished by DPT is tabulated below:

Factors as per Clause 13(C) of PGLM, 2015	Market Value per acre for the year 2020 (Updated)	Lease Rent @ 6% per Acre / per annum for the year 2020 (Updated)
(A) State Government's ready reckoner of land values in the area, if available for similar classification / activities	The guideline rates were last revised in 2011, are for Industrial land, commercial land & residential land and based on market inquiry the valuer observed that these are not representative of the market rate of Salt Land, and there is large variation.	

(B) Highest rate of actual relevant transactions registered in last three years in the Port's vicinity (the vicinity of the Ports is to be decided by the respective Port Trust Boards), with an appropriate annual escalation rate to be approved by the Port Trust Board.	As per valuer reports, on perusal of the revenue records of all the relevant adjoining villages, it is observed that not a single sale transaction of Salt Land is recorded in revenue records.	
(C) 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.	Not furnished by DPT	₹67,800.63 (considering 2% escalation p.a. on ₹65,167.85 i.e. Highest rate of 2018 for the purpose of Salt production). The average rate of last 3 years successful auction is ₹33,095.44 per acre/annum
(D) Rate arrived at by an approved valuer appointed for the purpose by the Port. [Lease rent as on 5.7.2020 after applying 2% escalation for 2 years on rate arrived as on 4.7.2018 i.e. ₹24,428.22 per acre/ annum based on average rate of 37 plots(26 successful auction plus 11 unsuccessful auction) as brought out in earlier paragraph]	₹4,23,585/-	₹25,415/-
(E) Any other relevant factor as is identified by the Port.	Not furnished by DPT	₹25,415/-

- (v). It can be seen from the above tabulation that the lease rent based on the highest of the five factors comes to ₹67,800.63 per acre / per annum under the highest accepted tender cum auction rate after applying 2% annual escalation for 2 years on the highest tender rate received at ₹65,167.85 per acre/ per annum in the year 2018. Average rate of last 3 years successful auction is ₹33,095.44 per acre /per annum.

The LAC after detailed discussion and deliberations has, however, recommended the market value of Salt land arrived by a Govt. Approved Valuer at ₹4,23,585/- per acre and lease rental @6% of market value of land arrived at ₹25,415.00 per acre per annum and annual escalation in lease rent @2%. LAC has given justification for not adopting the highest of five factors which is brought out in earlier paragraphs and hence not reiterated for the sake of brevity. The LAC has also taken note of d.o. letter dated 8 July 2015 from MOPSW to Major Ports stating that it is important that while choosing the market value as per para 18 of the Land Policy Guidelines, 2014, due care is taken to choose the relevant factor which captures the realistic market value of the land. The LAC has amongst other justification mainly observed that if the highest of the factors is considered, it will result in poor response to tender cum auction and subsequently loss of business to the port. Therefore, LAC felt appropriate to choose the relevant factor which captures the realistic market value of land to enable port to sustain business.

- (vi). The DPT Board, vide its resolution dated 16 August 2021 has approved the market value of land and the lease rent recommended by the LAC in its meeting dated 6 August 2021.
- (vii). The proposal of the DPT seeks approval of the market value of land and the reserve price in terms of annual lease rent. As per the Land Policy Guidelines of 2015 and as per the statute, this Authority is only required to approve the latest Scale of Rates of port land and not the market value of land. The Board of Trustees of the DPT has approved the market value of land as well as the reserve price in terms of annual lease rent applying 6% on the market value of land in its meeting dated 16 August 2021.

The proposal of the DPT is based on the recommendation of the LAC and is approved by the Board of Trustees of the DPT and complies with the provision of the Policy Guidelines for Land Management, 2015. That being so, and in terms of Clause 13(c) of the Land Policy Guidelines 2015, this Authority is inclined to approve the annual lease rent as proposed by the DPT for Salt land of DPT. Annual lease rent shall serve as reserve price for inviting tender by the port. At the proposed lease rent, the increase works out to 17.72% over the lease rent prevailing as on 4 July 2020.

- (viii). (a). The Indian Salt Manufacturers' Association(ISMA), Gandidham Chamber of Commerce & Industry(GCCI) and few other users have requested to consider

the ready reckoner rate of ₹1,000 per acre per annum and to grant some relief to the tune of 5-10% in fixing lease rentals considering present pandemic situation.

The DPT has clarified that considering the methodology prescribed in PGLM 2015, the LAC has recommended the market value of Salt land at ₹4,23,585/- and lease rental at ₹25,425/- per acre/annum as arrived by the govt. approved valuer. The DPT Board has approved the recommendations of LAC giving detailed justification for the proposed rate. The DPT has further clarified that the approved valuer of DPT has informed that the lease rental of ₹1000 per acre/annum by the State Government represents allotment and not auction and the parties requesting to consider the ready reckoner rate of ₹1,000/- for Salt land have not furnished documentary evidence for the said rate.

The DPT has also stated that the state government guideline rates were last revised in the year 2011 and are for industrial land, commercial land and residential land. The port has categorically stated that these are not the representative to the market value of Salt Land.

It is relevant here to state that the lease rent as per the last Order approved by this Authority dated 2 May 2016 is ₹21,590/- per acre/annum as on 4 July 2020. The DPT after following the LPG 2015 and taking consideration the concern expressed by the Committee constituted by MOPSW in December 2019 over the higher rates fixed for the land for salt manufacturing purpose due to which land remained vacant on account of non-response from the prospective bidders and also recognizing that there is slackening of demand in respect of salt due to depressed market conditions and recession due to Covid-19 factors, has, not chosen the highest rate among the five factors as already explained in the preceding paragraphs.

Based on the clarification of the DPT and in view of the above position and also since both the DPT and this Authority are bound by the LPG 2015 to fix the lease rent for port land, this Authority approves the proposal of the port.

- (b). With respect to the point made by SKSIPL drawing reference to para 11 of the DPT proposal and stating that the port has issued provisional bills to the parties considering 2% annual escalation in the rates and has sought approval of TAMP which is not in line with the Guideline position, it is to state that the DPT has in para 11 only informed this Authority about provisional bills raised by the port after applying 2% annual escalation. This Authority has from time to time at the request of the DPT approved Orders extending the validity of the rate of Salt land with 2% annual escalation till the revised rate structure for salt land based on the proposal to be filed by the port are approved by this Authority. The DPT has in para 11 of its proposal not sought approval of this Authority for raising the provisional bill after applying 2% annual escalation as inferred by the SKSIPL. The DPT has referred to the clause of the lease deed entered by the respective party with DPT which provide for annual escalation in lease rent approved by the Board or Competent Authority shall be applicable from time to time.

It is further relevant here to state that the lease rent for salt land last approved by this Authority vide Order dated 02 May 2016 was valid till 04 July 2020. Subsequent to that, at the request of DPT, the validity of the rate structure for the Salt land of DPT was extended by this Authority from time to time as a provisional arrangement to avoid a vacuum in the scenario and was last extended from the date of expiry till 04 January 2022. During each extension Order, this Authority has held that annual escalation @ 2% in the lease rentals shall apply during such provisional arrangements till such time the rates are revised by this Authority.

- (c). The GCCI has suggested to fix the rates on the basis of distance of area from the port instead of proposing single rate for all distanced villages. None of the users except GCCI have raised this matter.

With reference to the point raised by GCCI, the valuation report and minutes of LAC meeting dated 6 August 2021 states that the reserve price for salt lands should be uniform irrespective of size or location of plot in view order issued by the Court.

Further, as brought out in para 13(vi). of Order No.TAMP/15/ 2011-KPT dated 9 April 2012 approved by this Authority, the salt lands of DPT are not categorised into different zones, but a uniform rate is traditionally fixed for the entire salt land.

- (ix). (a). Clause 13(c) of the PGLM 2015 gives flexibility to Ports to fix rate of annual escalation which should not be less than 2% with the approval of the Port Trust Board.

The port has proposed a note that the rates shall be escalated by 2% every year. Since the annual escalation in lease rent at 2% is approved by the Board and is found to be in line with the Policy Guidelines for Land Management 2015, the note is approved as proposed by the DPT. The proposal of DPT states that annual escalation of 2% shall be applicable from 5 July 2020. Since the revised lease rent are made effective from 5 July 2020, the annual escalation shall apply after completion of one year i.e. 5 July 2021. Accordingly, the proposed note is slightly modified to add a sentence that the first annual escalation in the lease rent will be on 5 July 2021.

- (b). The existing SoR prescribes a note that the other conditions governing the lease rental shall be as per the Land Policy Guidelines issued by the Ministry of Shipping, Government of India. The DPT, in the current proposal, has included the said note which is approved with slight modification to state that all the conditions governing the lease rental shall be as per the Policy Guidelines for Land Management 2015 read with Clarification Circular (Land Management) No.1 of 2019-20 dated 29 April 2019 issued by the Ministry of Shipping, Government of India and as is amended from time to time.

- (x). The proposal of the DPT seeks approval of annual lease rent with retrospective effect from 5 July 2020 till 4 July 2025. Section 49 of the Major Port Trusts Act, 1963 calls for fixation of rates from time to time. For fixation of lease rent, this Authority is bound by the Land Policy guidelines issued by the Government for arriving at the lease rental for Major Port Trusts land. Clause 13(c) of the Policy Guidelines for Land Management 2015 stipulate that the Scale of Rates will be revised every five years.

The lease rent approved by this Authority in the last tariff Order of May 2016 clearly mentions that the rates are effective from 5 July 2015 and will remain valid till 4 July 2020. While extending the lease rent of the DPT at the request of the DPT beyond its expiry, this Authority vide Orders dated 7 September 2020, 16 March 2021 and the last Order dated 15 September 2021 has categorically stated that this extension is only a provisional arrangement to avoid a vacuum and the revised rate when approved may have retrospective effect as proposed by the DPT. The DPT has accordingly sought approval to the revised rates retrospectively with effect from 5 July 2020 for a period of five years till 4 July 2025. In view of above, this Authority approves the proposal of the DPT seeking retrospective revision of reserve price in terms of annual lease rent with effect from 5 July 2020.

- (xi). The annual lease rent for Salt Land approved by this Authority with retrospective effect from 5 July 2020 will be made applicable in case of the existing lessees / licensees subject to provision for periodic revision of rates agreed in the surviving lease agreements and in those cases of renewal/ allotment only if the respective lease agreement or letter of allotment, if no lease deed is still executed, explicitly provides for revision of lease rentals during the currency of the lease period.

- (xii). Para 13(c) of Land Policy Guidelines 2015, inter alia, stipulate that the SoR would be refixed once in every 5 years by TAMP. The port has proposed that the reserve price

in terms of annual lease rent prescribed above will be effective from 5 July 2020 and remain valid till 4 July 2025. The said note is approved.

10. In the result, and for the reasons given above and based on collective application of mind, this Authority approved the revised lease rent of Salt Land of DPT alongwith the conditionalities attached as **Annex** to the Order which has been notified separately in the Gazette of India on 01 November 2021 vide Gazette No.536. The revised lease rent approved shall be effective from 5 July 2020 as proposed by the DPT and shall remain valid for period of five years i.e. till 04 July 2025.

(T.S. Balasubramanian)
Member (Finance)

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

F.No. TAMP/50/2021-DPT - Proposal received from the Deendyal Port Trust for revision of Scale of Rates of Salt Land of DPT for the period from 05.07.2020 to 04.07.2025

1. A summary of the comment of users / user organisation and reply of DPT thereon is tabulated below:

Sl. No.	Comments of the users/ user organisations	Reply furnished by DPT
1.	Shri Kirti Chandulal Thacker S/o Shri Chandulal M. Thacker	
(i).	The salt lands surrounding Gujarat state are producing more than 80% of salt of total production of Nation. The ready reckoner rate of Govt. of Gujarat is about ₹1,000 per acre per annum, which includes all applicable taxes. This aspect should have to be considered while fixing DPT salt land lease rentals.	The rate has been fixed as per the parameter provided in the Land Policy Guidelines, 2015. Para 13(a) of the Land policy guidelines of January 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 PGLM, 2015, the Land Allotment Committee will 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 may be identified by the Port. The Policy Guidelines on Land Management, 2015 also stipulate that in case the LAC is not choosing the highest factor, the reasons for the same have to be recorded in writing.
(ii).	Considering present pandemic situation Govt. of India is declaring various reliefs so as to directly benefit the users as well as to boost the economy. Some relief to the tune of 5-10% in fixing Lease rentals can be considered.	
2.	The Indian Salt Manufacturers Association(ISMA)	The Land Allotment Committee at its meeting held on 06-08-2021, considering the above aspects as well as present situation and keeping in view the Land Policy Guidelines, 2015 has recommended the land values arrived by a Govt. Approved Valuer amounting to ₹4,23,585/- as market value of salt land and lease rental of ₹25,415.00 per acre/ per annum which is @ 6% of market value with 2% annual escalation applicable for the period from 05th July, 2020 to 04th July 2025. The above recommendations also approved by the Board vide Resolution No. 80 dated 16-08-2021. Further, detailed justification has
(i).	The salt lands surrounding Gujarat State are producing more than 80% of the total production of the nation. The ready reckoner rate of Govt. of Gujarat is about ₹1,000/- per acre per annum, which includes all applicable taxes. This aspect should have to be considered while fixing DPT salt land lease rentals.	
(ii).	As per Ministry of Finance guidelines, the market rate for Leasehold lands compared with freehold land rates should be 25-30% lesser. This aspect may be considered by TAMP before finalizing the rates.	
(iii).	The ISMA, on behalf of their Members who are selling their salt from Kutch mainly through DPT humbly requests that considering present pandemic situation Govt. of India is declaring various reliefs so as to directly benefit the users as well as to boost the economy, some relief to the tune of 5-10% in fixing lease rentals can be considered.	

		<p>given in the Board Note which was already forwarded to TAMP.</p> <p>So far as ready reckoner rate of Gujarat is concerned, the above party has not submitted any documentary evidence for rate of ₹1,000/-. However, Govt. approved Valuer appointed by the DPT has informed that the lease rental of ₹1,000/-per acre/per annum by the State Government represents allotment, and not auction tender, and not representative of the Market forces. As per the factors provided in Amended Land Policy Guidelines, 2014, the lease rental should be based on five factor, and allotment price is not included therein, hence, not considered for the purpose of fixation of lease rentals.</p> <p>The Govt. Approved Valuer has further informed that the guideline rates were last revised in 2011, are for Industrial Land, commercial land & residential land and based on market enquiry, it is observed that these are not representative of the market rate of Salt Land, as well as there is very large variation.</p>
3.	Western Chemical (WC)	
(i).	Western Chemical (WC) are already paying a higher rate for the plot allotted to them. In these worst times of pandemic, WC is hardly surviving so it requests TAMP not to escalate any rates in near future which would be unbearable for them. So WC requests not to revise rate for the said salt land allotted to them.	No comments furnished by the port.
4.	Shree Kandla Salt Industries Pvt. Limited (SKSIPL)	
(i).	While requesting for reduction in the SOR to be fixed, etc., SKCIPL has taken up the following important issue which has been mentioned by the DPT in its proposal No.LW/PL/3459/232 dated 15.09.2021, whereby DPT proposes to seek the approval of TAMP to issue the bills towards lease rent derived through auction, by increasing the rates by 2% every year. The factual reasons for taking up the issue are as under:	<p>The query raised by the above party is related to E-tender cum E-auction. However, in leased deeds executed by the respective parties, following conditions are invariably incorporated in the lease deed. The lessee is entitled TO HOLD the premises hereby demised unto the Lessee for a period of THIRTY YEARS (30 years) only from “_____” YIELDING AND PAYING therefore the Yearly Lease Rent of _____ Rs.</p> <p>_____ (Rupees _____ Only) per annum with annual escalation and applicable service tax thereon payable in advance by the 05th day of due date every year at the office of the Lessor or at such places as may be notified by him for the purpose from time to time, the first such payment has already been made on _____.</p> <p>“The Lessee shall pay unto the Lessor the yearly Lease Rent hereby reserved on the days and in manner hereinbefore appointed. The Lessee shall however be</p>
	(a). In the DPT letter dated 15.09.2021, vide Para 11, it is mentioned that, ‘meanwhile, DPT has issued provisional bills to the parties considering 2% annual escalation in the rates as compared to the previous year and suitably informed TAMP... for filing the fresh proposal.’ In the last para 11, the DPT is requesting the TAMP to approve the above whole proposal. As the request for seeking approval even to the bills issued towards lease rent in respect of the land already allotted through auction do not seem to be	

	in consonance with the provisions of the land policy guidelines, this submission is made for consideration and clarification.	liable to pay the lease rent at a higher rate whenever the scheduled rates are revised upwards by the Competent Authority including Tariff Authority for Major Ports (TAMP). The annual escalation rate approved by the Board or the Competent Authority shall also be applicable from time to time.”
	(b). As can be seen from the PGLM 2015, the fixation of SOR is only in respect of the land vested with the port and the same do not extend to the rates derived through auction. The only prohibition is that the rates derived should not be less than the SOR prescribed by the TAMP.	
	(c). As per Clause 13(b), the Reserve Price in terms of the annual lease rent would be latest SOR determined in accordance with Para 13(a) and 13(c) and would in no case be less than 6% of the latest market value recommended by the Port Trust.	
	(d). As per Clause 13(c) of the LPG 2015, the Port Trust would make a proposal as outlined in Para 13(a) to TAMP for fixing the latest SOR of the land. The TAMP would notify the latest SOR of the land after following due process of consultation with stakeholders within 45 days of receipt of the proposal. The Port Trust Board will fix a rate of annual escalation which would not be less than 2%. SOR would be re-fixed once in every 5 years by TAMP.	
	(e). As per Clause 13(d), the Reserve Price for auction would be the latest SOR with due escalation for all leases within and outside the Custom Bonded area.	
	(f). As per Clause 11.2, the Land shall be leased through tender-cum-auction methodology through a competitive bidding process over the reserve price of such plots which shall be the updated SOR notified by TAMP.	
	(g). At the Tender-cum-auction stage, depending upon its financial requirement, the port may decide to invite bids either on –	
	(i). Upfront basis, where the bidding parameter is the one-time upfront payment offered by the bidder for the lease period and a nominal lease rent of ₹1/- per square metre to be collected every year for the currency of lease period, or;	
	(ii). Premium basis, quoted by the bidder over and above the Reserve Price in terms of the annual lease rent, calculated as per the provisions of para 13(b).	
	(h). The above clause clearly talks about fixing the reserve price duly taking 2% escalation upto the date of tendering. The LPG nowhere mentions that the escalation of 2% is to be continued even after finalization of the Auction. Thus, after finalization of the rates quoted by the Bidder and award of contract, as per the terms and conditions of tender, no further annual escalation is provided for the Land	

	Policy Guidelines in the case of lease allotted on e-auction.	
	(i). In spite of above clear cut provisions, the port is issuing the bills towards plots allotted through e-auction, by adding 2% escalation yearly on the amount derived through auction, which is nowhere provided either in the PGLM 2015 or in the terms and conditions of the tender. As per the Land Policy, the annual escalation @ 2% can only be considered in the case of land allotted on nomination basis and there is no provision to apply the same towards land allotted on auction basis. Therefore, the proposal made by DPT at para 11 to issue the bills considering 2% annual escalation in the rates towards the allotted land is not in line with the PGLM 2015.	
	(j). In view of above, it is requested that TAMP may not consider the above request of port to issue bills towards the land allotted through auction by escalating the rates by 2% annually, which at best can be applied only in respect of land allotted on Nomination basis, on the basis of SOR to be fixed by TAMP. Even otherwise, the lease rent of the land allotted through e-auction is much higher than the SOR fixed and there exists no provision in the PGLM 2015 empowering the TAMP to approve or the port to fix such rates and recover 2% escalation annually on the bills raised against land already allotted through e-auction.	
	(k). It is therefore again requested that, for the above reasons, the proposal of DPT made at Para 11 of above letter to issue bills to the parties considering 2% annual escalation in the rates already derived through e-auction (concluded contracts) is not in line with the PGLM 2015 and therefore, the same may not be approved.	
5.	Gandhidham Chamber of Commerce & Industry	
(i).	The Salt Lands surrounding Gujarat State are producing more than 80% of salt of total production of the country. The Ready Reckoner rate of Gujarat Govt is about ₹1,000/- per acre per annum, which includes all applicable taxes. This aspect should have to be considered while fixing the Lease Rent of DPT Salt Land.	The DPT has reiterated its comments on the comments of Shri Kirti Chandulal Thacker S/o Shri Chandulal M. Thacker and the Indian Salt Manufacturers Association.
(ii).	Considering present pandemic situation, Govt of India is declaring various reliefs so as to directly benefit the users as well as to boost the economy. Therefore, the relief in tune of 5 to 10% in fixing Lease Rentals can be considered.	
(iii).	The salt lands of DPT are from village Veera to Village Jangi, having road distance of about 110 KM whereas the rates suggested by the DPT is one for all	

	distanced villages. GCCI suggest that the rates should be fixed on the basis of distances of the area from the Port.	
(iv).	The salt industry in Kutch is also facing a slowdown in this pandemic period and trying to survive in very competitive era, hence GCCI requests to kindly consider the above genuine points positively.	

2. A joint hearing in this case was held on 12 October 2021 through Video Conferencing. At the joint hearing, DPT made a power point presentation of its proposal and forwarded a copy of the Power Point Presentation vide its email dated 12 October 2021. The DPT and the concerned users / user organizations / lessees have made the following submissions

Deendayal Port Trust (DPT)

- (i). Rate structure of salt land of DPT was last revised by TAMP in May 2016. The revised lease rental approved in the said Order came into effect from 05 July 2015 and was valid for a period of five years i.e. up to 04 July 2020. Subsequent to that, it has been extended from time to time with 2% annual escalation on provisional basis.
- (ii). Current proposal is for revision of lease rent of salt land for the period from 05.07.2020 to 04.07.2025.
- (iii). DPT appointed Government approved valuer as per Land Policy Guidelines, 2015.
- (iv). As regards the first factor of valuation of land as per LPG, 2015, it is to state Government ready reckoner was last revised in the year 2011. This value of land are for Industrial land, commercial land and residential land. They are not representative to salt land.
- (v). As regards the second factor viz. highest rate of actual relevant transactions registered in last three years, there is not a single sale transaction recorded in last 3 years.
- (vi). Under the third method, the highest accepted tender-cum-auction rate of Port land for similar transactions is ₹67,800.63 per acre/annum, considering the 2% escalation on highest auction rate of ₹65,167.85 received in the year 2019 for the purpose of salt production. The average of tender-cum-auction rate of last 3 years is ₹33,095.44/ acre/ annum.
- (vii). The approved valuer for the various reasons stated in the report and considering the other socio economic aspects of salt production has recommended lease rent for salt land at ₹25,415.11 per acre/ annum and market value of land at ₹4,23,585.16/acre.
- (viii). LAC has in the report given justification for not adopting the highest of five factors. The LAC has observed that if the highest of the factors is considered, it will result in poor response to tender cum auction and subsequently loss of business to the port. Therefore, LAC felt appropriate to choose the relevant factor which captures the realistic market value of land to enable port to sustain business.
- (ix). LAC after detailed discussion and deliberations has decided to recommend the land values arrived by a Govt. Approved Valuer at ₹4,23,585/- per acre as market value of salt land, lease rental of ₹25,415.00 per acre per annum which is @ 6% of market value and 2% annual escalation
- (x). Board of Trustees of DPT has approved the market value of land and lease rent recommended by Land Allotment Committee (LAC) with 2% annual escalation.
- (xi). The increase in lease rent of salt land at the proposed lease rent works out to 15.41% over the lease rent prevailing as on 5 July 2020.
- (xii). TAMP is requested to approve the port's proposal

Shree Kandla Salt Industries Pvt. Ltd.

[Mr. Tribhuvan Singhvi]

- (i). We shall furnish our written comments.

The Indian Salt Manufacturers Association (ISMA)

[Mr. Bharat Raval]

- (i). There are only 4 Salt producing states in India viz. Gujarat, Tamil Nadu, Andhra Pradesh and Rajasthan.
- (ii). 80% of total salt production of the nation is produced in Gujarat.
- (iii). Salt producing activity is generally done on leased land taken from Central Government/ State Government/ other Government Authorities.
- (iv). As per Ministry of Finance guidelines, market rate for leasehold land compared with free hold land should be 25-30% lower.
- (v). Lease rent increase should be nominal.
- (vi). Salt land is reclaimed land. Salt manufacturers have put hard work to reclaim the land.
- (vii). DPT should compare their lease rent with the lease rent of salt land in other States like Tamil Nadu, Andhra Pradesh, etc.
- (viii). To motivate salt manufacturing/ fishing activities, the rent levied by State Government is very low.
- (ix). State Government arrived at basic rate for land and 10% increase every 3 years. It was, accordingly, fixed at ₹350/ hectare/ annum and is subject to 10% escalation every 3 years.
- (x). We request to fix basic rate and based on distance, premium may be prescribed.
- (xi). Salt land is not a freehold land. There is no much development possible on salt land. Rate of freehold land should not be applied on salt land.
- (xii). Proposed lease rent is very high.
- (xiii). Government of Gujarat is charging ₹1,000/ acre/ annum. They are charging cess also.
- (xiv). Rate should be comparable to rate for salt land levied by the State Government.

Gandhidham Chamber of Commerce and Industry (GCC)

- (i). New Land Policy Guidelines is yet to be issued by the Government. It is understood that new Policy states that lease rent should be arrived based on State Government Ready Reckoner rate.
- (ii). Thus, State Government Ready Reckoner should be considered.
- (iii). The lease rent approved by TAMP will be the reserve price. Port will invite bids based on reserve price and based on bids get higher rate.
- (iv). The rate levied by Gujarat Government is ₹1,000/ acre/ annum.
- (v). COVID has impacted us a lot.
- (vi). Jungi land is far away from main salt land. All salt land have been treated at par for proposed lease rent.

Hetal Salt Suppliers

[Mr. Nihar Thakkar]

- (i). Proposed rate is very high.
- (ii). Rate should be State Government Ready Reckoner rate.
- (iii). The rate for Veera to Jungi is taken as same. Rate should be different based on distance from the main land.

Kutch Small Scale Salt Manufacturer's Association

- (i). Rate should not be increased particularly in the present COVID situation.
- (ii). Rate is very high compared to Gujarat Government rate.

Deendayal Port Trust (DPT)

[Deputy Chairman]

- (i). Rate proposed are after due diligence.
- (ii). Proposed rate is not high. It is only 15.41% over.

The Indian Salt Manufacturers Association (ISMA)

- (i). Compared to last revision it may appear increase is not much. But, basic rate itself is high.
- (ii). Salt is used by common man. We request to restrict the increase proposed.
