

Report

On

**Fixation of Land Lease Rate
At Jawaharlal Nehru Port Trust**

chunk of the available vacant land parcels within JNPT falls under mangrove areas. The mangrove and green area falls under CRZ-1 as per the CZMP Zones. A portion of this area can be utilized for establishment of storage of non-hazardous cargo which needs approval from MOEF as per the clause 8-l-ii (c) given in 2011 CRZ notification. Leasing out the available vacant land parcels to warehousing can solve JNPT congestion problems permanently and at the same time fulfil MOEF norms.

- 1.5 Out of 8588 Acres of land under JNPT, around 34% of land is under mangroves and 11% of land falls under unutilized land. All of 11% i.e. 906.7 acres of land is well connected with road infrastructure but currently no activities is taking place or any other activities are proposed for future. The vacant land parcel of 2854.49 acres is available with JNPT out of which 1138.25 acres is covered by mangroves and remaining land is unused. The large land area falls under hilly terrain is unviable to build any developments. This can be taken a key challenge to develop it green and more trees as part of environmentally sustainable development of JNPT.

- 1.6 JNPT envisioned acquiring premier position in container cargo handling in south Asia and it also focuses on increasing the revenue by leasing out the ports land. Apart from infrastructure, depending on the present EXIM cargo commodities port could lease out land for further port-based industries, which are not included in the proposed SEZ. Being a Green port & environmentally sustainable development of JNPT, it also has to protect the land reserved under Mangroves. Roads Infrastructure within the port zone is major issue at present and traffic congestion, air pollution are the main challenges port is facing. Road infrastructure up gradation and planning new major roads is required to sustain the further growth of port. Parking plazas recreational spaces needs to be developed for better public infrastructure for truck drivers and employees of JNPT. Railway connectivity within the port area has to be further augmented and there is need to develop loading unloading bays along railways tracks. Warehousing, CFS, Cold storages are major demand at present and with expansion of port with 4th terminal these activities will have substantial demand in future. Port having almost 20% unused land parcels i.e. 1680 acres of land parcel available for such kind development.

Sr.No.	Item	Unit	Rate (Rs)
	(ii) Outside Port operational area for construction and maintenance of warehouse for import and export of cargo		13.92
	(iii) Outside Port operational area for any purpose other than mentioned above in Section 1-3(A) (b) (ii)		49.83
	(B) Government Departments		
	(a) Developed Space		
	(i) Inside Port operational area	do	13.59
	(ii) Outside Port operational area	do	13.92
	(b) Undeveloped Space		
	(i) Inside Port operational area		13.92
	(ii) Outside Port operational area for		11.93
4	Rent for residential Accommodation allotted in Port Township to:		
		A' Type	1300
	(A) Employees of other Government Agencies and Public Sector undertakings	B' Type	2000
		C' Type	2600
		(B) Employees other than mentioned above	A' Type
	B' Type		3700
	C' Type		4800

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

1.10 The lease rental for the allotment of land were approved by TAMP in the year **2006-07** and the revision was proposed in 2011-12 and accordingly the valuation of land and assets were carried out by appointing valuer M/s Kanti Karamsey Co and the draft valuation report was submitted by the firm in 2015. The valuation could not be finalized and M/s Kanti Karamsey Co was requested to revalidate the report and resubmit and the Valuation Report is submitted by the firm in June 2018.

2.0 The salient features of the Valuation Report are as under;

The entire land area of JNPT i. both custom and non-custom bond areas, the total area available in Zone 4A and 4B is around 1173.81 hectares ,of this area,205.61hectares are proposed to be left out for Eco Park Excluding these areas from the available areas leaves 968.2hectares for industries and associated facilities development.

1. Inside the Custom Boundary

The area inside the port is under top security and safety measures. The roads are of good quality which are paved partly by Asphalt, Concrete where as some areas are paved with concrete paver blocks. The area mainly includes Stacking area, Loading / unloading areas, jetty berths, Roads, ICD area, RMGC area (Rail mount Gantry crane area), RTG area (Rubber Tyre Gantry area), Operations office & some structures within the premises.

2. Area outside the Custom Boundary

The roads are mostly as asphalt paved & partly concrete paved. It includes Operational Activities, Commercial Facilities, Social facilities, Public Utilities Township Area, CISF barracks, Certain future development areas etc. Township Area is well developed & well maintained locality with staff quarters, Multi Purpose hall, Club house, Schools, Maintenance building etc.

2.3 Surrounding Developments

JNPT is strategically located & developed along the western coast. It is located in radius of 4 to 6 kms from the Developing Dronagiri Node falling under CIDCO, Proposed NMSEZ is also closely bound. All major civic amenities are available at Panvel & Uran cities which are at a distance of 15 to 18 kms. Basic amenities like Banks, Hotels, Primary Schools are available with 6 to 8 kms at Jaskhar and Sonari Village. Major Hospitals like Paramount, Lifeline are at Panvel whereas Pallavi & Nakhawa Hospitals are available at Uran. Educational Institutes such as C.K. Thakur College, MGM Educational Institute, Mahatama College, ASC College, Veer Vajekar College and Primary & Secondary Convent Schools are available at Panvel & Uran. Further the proposed projects like Nhava – Sewri Sea link & Uran Railway Station ensure better connectivity to the locality. Companies like Indian Oil Terminals, Bharat Petroleum Plant, MSEB power generation unit, ONGC , Reliance Oil Depots , Logistics & Warehousing Zone occupants like CWC , Balman Lawrie, Gateway Distriparks, CMA CGM, Ameya Logistics are located is radius of 6 to 8 kms from the port premises. The CIDCO Warehousing & logistics Zone includes logistics parks, warehouse and CFS's (container freight stations) which enhance the value of the property by business connectivity.

2.4 Lease Rental to be fixed by JNPT

The Ministry of Shipping has issued the 'Land policy Guidelines' in 2015 for land management in Ports. As per the provisions of the said guidelines under Clause No 13, the Port have to fix the lease rentals as per the MPT Act 49 for landing places and land use within the Port managed lands and to be revised every five years. As per the said guidelines a Land Allotment Committee (LAC) to be constituted 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 as per the methodology. The committee shall, while recommending the latest market value for any land would normally take

State Government ready reckoner of land values in the area for similar classification/activities is as follows :

Table- the Values as per the Maharashtra Govt Ready Reckoner -2017

Village	Rate Rs. / sq.mt	Rate Rs. / sq.mt	Rate Rs. / sq.mt	Rate Rs. / sq.mt
	Land	Residential	Commercial	Industrial
Dongri	1650	20,500	33,000	26000
Bokadvira	1650	20,500	33,000	26000
Sonari*	1650	20,500	33,000	26000
Jaskhar*	1650	20,500	33,000	26000

- (ii) As regards the second factor of highest rate of actual relevant transactions registered in the last three years in the ports vicinity. This option is not exercised as there are no relevant transaction and market value is not comparable. Under this option also considering the position that normally the transactions take place at the guideline value or below the guideline value.

Sr No.	Type of Doc.	Date Of Registration	Address	Area (Sqm)	Agreement Amount (Rs.)	Stamp Duty Value (Rs.)	Rate per Sqm (Rs.)
Jasai Sr No 1-7 Dongri Sr No 8 and Bokudveera Sr No 9 and 10							
1	Sathekh at	17-03-2016	Land bearing Survey no. 180, Hissa no. 6, village Jasai, Tal. Uran, Dist. Raigad	200	1,30,000	4,80,000	650
2	Sale Deed	09-12-2016	Land bearing Survey no. 41, Hissa no. 2, village Jasai, Tal. Uran, Dist. Raigad	2,380	52,00,000	50,39,000	2,185
3	Sale Deed	15-05-2017	Land bearing Survey no. 116, Hissa no. 6B, village Jasai, Tal. Uran, Dist. Raigad	590	4,50,000	17,99,500	763
4	Lease Deed	14-02-2018	Land bearing Survey no. 205, Hissa no. 5, 206/1 & others village Jasai, Tal. Uran, Dist. Raigad	40,815	3,70,00,000	1,88,06,000	907
5	Sale Deed	05-03-2018	Land bearing Survey no. 193, Hissa no. 1/B, village Jasai, Tal. Uran, Dist. Raigad	150	5,00,000	9,35,000	3,333
6	Sale Deed	19-04-2018	Land bearing Gat no. 75/1 & other, village Jasai, Tal. Uran, Dist. Raigad	21,705	4,00,00,000	2,36,53,000	1,843

50,000 per Sq. Mts. of land in a vicinity of around 3 to 4 kms of subject property. Some of the key influencing factors considered for arriving at the fair market value of the said land parcel in the present state at surrounding villages, Tehsil Uran & Dist. Raigad is as follows:

- a) Location by way of having accessibility by road
- b) Extent, contiguity & topography of the subject land
- c) Land use & zoning restrictions
- d) Level of infrastructures, exclusivity of land
- e) Connectivity & accessibility

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

	Residential/ Open land	Commercial	Land for covered storage/warehouse	Other Port Related Activities
Base Rate in Rs per sq mt	30,000	54,000	36,000	30,000
Adjustments	-70%	-50%	-40%	-70%
Valuation	9,000	27,000	21,600	9,000
Construction cost in Rs per Sq mt.	0	11,767	6,650	0
Total cost (Base rate +Construction)	9,000	38,767	28,250	9,000
Lease rent 6% return per annum	540	2,326.00	1695.00	540

Please also refer comparison statement based on land policy guidelines, 2014 is as per **Annex-III**

- 4.0 The LAC committee of JNPT has to decide to go ahead with suggestions made by the Valuer in his Valuation Report. There are no relevant transactions in the Port area and surrounding area for similar transactions as envisaged in the Land policy Guidelines and the JNPT do not have any other option to decide on the valuation of land carried out by the Valuer. The transactions of land for a period of 30 year lease or licence are not recorded in the vicinity of Port
- 4.1 Further, the JNPT has also proposed introduction of licence fees for JNPT Township for commercial use and for shop units at Shopping Complex. In this connection, in the absence of rentals for the area, the rate can be worked out on the commercial rates as brought by the Valuer and the rentals for the land at JNPT Township
- 4.2 As per the Land Policy Guidelines of 2014 the LAC is required to take into account the highest of the factors mentioned in clause 13 (a) to determine the market value of land. However, if the latest market value of land is not chosen based on highest of five factors, then the reasons for the same are to be recorded. The LAC has considered the rental values derived under all four options.

envisaged in the Land Policy Guidelines and the JNPT does not have other option to decide on the valuation of land carried out by the Valuer. The transaction of land for a period of 30 year lease or license are not recorded in the vicinity of Port.

- (iv) JNPT has appointed M/s. Kranti Karamsey Co as a Valuer for JNPT Port and as per the valuation, all the consideration as per guidelines have been adopted and they have been analyzed as above.

The summary of rates arrived by the valuer as per Land Policy, 2014 is placed at page 28 to 29 of the valuation report of M/s Kanti Karamsey & Co and supplementary report submitted by valuer after discussion with LAC.

5.0 Conclusion :

5.1 Pricing Benchmarking in the Region:

JNPT strategically located and developed along Western Coast. It is located in the radius of 4 to 6 Kms from developing Dronagiri Node following under CIDCO. The Valuer is opined that the market value is estimated amount for which a estate are exchanged on the date of valuation between the willing buyer and willing seller in transaction after proper marketing wherein the parties had each acted acknowledgeable, prudently and without compulsion.

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

- 5.2 At present the rates for the premises allotted to agencies like Banks & Shipping lines in port constructed building is charged at present rate of Rs.331.60 and hence the basis for considering the location and the business likely to increase at JNPT, it is proposed to increase at 50% from the existing rate of 331.60 to 500 per sq.mtr per month. Also, at present, Rs.333.36 per month is charged as premium from licensee of office space at Port User Building(PUB) from 1st April 2015. It is also proposed to continue to charge this premium of Rs.333.36 per month over and above of the revised charges of Rs.500 per sq mtr per month. The concession to Government organization for specific use in Port related activities are being

5.4 Accordingly LAC recommend to adopt the rate as per the 30% of minimum pay scale of respective category which is as follows:

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

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

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

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

5.8 It is also proposed to re-classify the land scale of rates as follows:

Sr.No.	Item	Unit	Rate (Rs)
1	License Fee for office accommodation allotted to agencies, commercial agencies, banks, Government anywhere in the Port except the Old building of JNPT and Township area	Per Sq.Mtr. Or part thereof per month or part thereof	500.00 per sq. MTR or part there off per month plus Rs.333.36 per month premium.
2	License fee for land developed up to +5.5 M CD and above anywhere outside custom Bound area in Port Estate	Do	45.00
3	License fee for land developed up to +5.5 M CD and above anywhere within custom Bound area in Port Estate	Do	54.00
4	License fee for land for undeveloped anywhere in Port Estate. (Undeveloped means any land not filled up to +5.5. m CD)	Do	22.50

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- Note:
- i) 50% charges of adjoined land will be charged for water front area
 - ii) For purpose of way leave charges terms & conditions will be as per Annexure attached with Land Policy Guidelines, 2014.

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Deputy Chairman

(J.B. Dhawale)
Chief Manager (Admin) & Secy

(Neteen Borwankar)
Chief Manager (Fin) I/c

(Dr.C.Unnikrishnan Nair)
Chief Manager (Traffic)

(S V Madabhavi)
Chief Manager (PP&D)

(Sanjeev Kumar)
Manager (Finance)

of the Allotment Order failing which the allotment will stand cancelled and the firm will not be allowed to occupy the space. The cargo stacking/ occupation will be allowed only on production of the receipt for having paid the amount mentioned in the Allotment Order. The Licence Fee for the subsequent calendar months shall be paid in advance, i.e. on or before 25th of preceding calendar month. If the due date for a particular month falls on Sunday or JNPT holiday or Bank holiday, the payment shall be made on the next working day.

5. Delay in payment of Licence Fee and other dues as specified in Sl. No.(4) above shall attract penal interest at 16.75% p.a. from the due date till the date of payment. If payment is not received after the due date, the occupation will be treated as unauthorized and the license will be liable for cancellation and will be treated as unauthorized occupation and penal licence fee shall be payable as per Sl.No.7 below.

6. The monthly licence shall lapse automatically at the expiry of the calendar month for which it has been issued. If the licensee requires a renewal of the licence, an application for renewal duly accompanied by the receipt for payment of the advance licence fee for the subsequent month must be made so as to reach JNPT seven days before the expiry of the period of the monthly licence. Delay in receipt of application or required receipt within time stipulated above shall attract penal interest at **16.75%** p.a. for the period of delay subject to a maximum of 15 days, beyond which the occupation will be treated as unauthorized and dealt as per Sl. No. 7 below.

7. The Licensee shall vacate the space occupied by them if the licence is not renewed and in case the licensee fail to hand over the land / space in vacant possession on the date of expiry of the licence granted / determined, after removing such of the structures or constructions put up, the occupation of the licensee will be treated as unauthorized occupation and penal license fee as given below shall be levied beyond the period for which the monthly licence was granted. Further, JNPT shall have the right to remove such structures and the goods stored in such space to any other alternative open or covered space in any part of the JNPT's premises at the cost, risk and responsibility of the licensees and in addition, penal licence fee as specified below shall be charged for the land / space occupied by the goods so removed:

- i. Three times of the normal licence fee for the first three months from the date of unauthorized occupation or identification of encroachment.
- ii. Five times of the normal licence fee beyond three months and upto seven months.
- iii. Ten times of the normal licence fee from eighth month onwards.

8. Encroachment or unauthorised occupation of the JNPT's land and stacking of cargo on the JNPT's land and stacking of cargo on the JNPT's Railway tracks, plants, equipment, etc. causing obstruction to the movement of traffic by the licensee will involve a liability to pay a penal licence fee as specified in Sl.No 7, in addition to the cost of rectifying damages caused to the JNPT's properties. If the licensee fails to remove the cargo, from the encroached area in spite of notice to do so, the cargo will be removed elsewhere by the Trust at the risk and cost of the licensee and penal licence fee as mentioned at Sl. No. (7) above on the space occupied by the cargo so removed.

licence fee as per the relevant conditions prescribed for Licence of land on monthly basis.

2. Either party shall be at liberty to terminate the lease at any time by giving to the other three calendar months' notice or such notice period stipulated in the respective agreement in writing of its or their intention of terminating the same.

3. Change of use of leased land can be permitted subject to such change being in conformity with the Land Use Plan / Master Plan of the JNPT provided the agreement also allows for such change and subject to payment of rates for the new usage, if any.

4. If the lessee continue to occupy the land / space, after expiry / termination / determination of lease or forfeiture of lease on account of change of user assignment, etc. the occupation will be treated as unauthorized and lessor shall be entitled to levy penalty at three times of the lease rent prescribed in the Scale of Rates or three times of the lease rent as per lease agreement, as the case may be, till the final vacation of the land / space.

5. In case of breach / violation of provisions of the Lease Agreement, JNPT shall be entitled to impose penalty as deemed fit or cancel the lease depending on the magnitude of breach / violation.

IV CONDITIONS FOR GRANTING WAY LEAVE PERMISSION:

1. Way leave permission for laying pipelines within and outside the port area shall be given on temporary basis at the discretion of JNPT. Only permission will be given. There will not be any allotment of land to the party nor is to be construed as lease.

2. In case of way leave permission for public utilities, relevant rules applicable for such utilities shall apply.

3. The Way leave charges with applicable escalation from time to time shall be paid in advance for each year. Delay in payment of way leave charges will attract penal interest and penalty in line with the penal interest and penal licence fee provisions applicable for monthly licence.

4. One time Supervision charges @ 10% of the cost of laying of pipelines/cables/conveyors in Port limits before granting way leave permission. This is not applicable for Single Buoy Mooring (SBM)/Single Point Mooring (SPM)/sub-sea pipelines for which the applicable supervisory charges will be decided by Board, on a case to case basis.

5. The area occupied by pipelines shall be calculated based on diameter and length of those pipes. In case of multi layer stacks, the physical area occupied by the multi layer pipeline/conveyor stacks shall be considered and the respective users shall be billed accordingly. As far as underground pipelines are concerned, if the users establish that the possession of the surface area above the underground cross country pipelines is not physically with them, the area occupied by such pipelines shall be considered as 50% of the diameter and length, for the purpose of levy of Right of Way Charges. The area occupied by any cable laying shall be considered as minimum 100 mm diameter for the purpose of levy of right of way charges.

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Note: i) 50% charges of adjoined land will be charged for water front area

- i) For purpose of way leave charges terms & conditions will be as per Annexure attached with Land Policy Guidelines, 2014.
- ii) Concession will be offered for the area inside Custom Bound Area for port related activities on case to case basis.

Annexure II

Subject - E-Tender – Cum –E Auction for Allotment of Land on Long Term Lease Basis for setting up of Tank Farm for Liquid Storage facilities At JNPT (RE-Invitation).
Tender No. - PPD/M-I/Land Allotment/T-10/2017, date. 14.06.2017 E-auction date – 24.07.2018.
JNPT Reserve price Rs.1850/- per sq.mtr/p.a.

Sr. No	Name of Agency	Plot No.	Area Sq.mtrs	Reserve price for e-auction	Rate Rs.	Lease rent for 1 st year Amount(Rs.)	Lease rent for 2 nd year including 2% escalation (Rs.)	Security Deposit Rs.
01	M/s Suraj Agro Infrastructure(India)Pvt.Ltd.	01	700	1860.00	2750.00	19,25,000.00	19,63,500.00	38,88,500.00
02	M/s Suraj Agro Infrastructure(India)Pvt.Ltd.	03	14000	1870.00	3270.00	4,57,80,000.00	4,66,95,600.00	9,24,75,600.00
03	Deepak Fertilizers and Petrochemicals Corporation ltd	04	17500	1870.00	3020.00	5,28,50,000.00	5,39,07,000.00	10,67,57,000.00
04	Frigorifico Allana Private Ltd,	06	18000	1870.00	3060.00	5,50,80,000.00	5,61,81,600.00	11,12,61,600.00
05	Liberty Oil Mills Limited	11	5200	1870.00	2500.00	1,30,00,000.00	1,32,60,000.00	2,62,60,000.00
	TOTAL		55400			16,86,35,000.00	17,20,07,700.00	34,06,42,700.00

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