

VISAKHAPATNAM PORT AUTHORITY ORDER

(Passed on this day of 2022)

This proposal is for fixation of lease rents of one of the Zones of VPA land at Maharanipeta & Harbour Park Area i.e. Zone-9 under a new category viz. Non-port related activity category.

- 2.1. The revised lease rent for VPA lands at various Zones for the quinquennium 2018-2023 following the amended Land Policy Guidelines for Major Ports, 2014 was last approved by Tariff Authority for Major Ports vide Order No.TAMP/30/2018-VPA dated 03 October 2018. The lease rent approved by Tariff Authority was given retrospective effect from 01 April 2018 as sought by the VPA and validity was prescribed for 5 years i.e. till 31 March 2023. The Order was notified in Gazette of India on 30 October 2018 vide Gazette No.400.
- 2.2. In the said Order, TAMP has approved the following revised lease rentals for Lands at various Zones of VPA along with conditionalities:

1. Schedule of Lease rent of the Visakhapatnam Port Authority Land.

NEW ZONE NO.	Lease Rentals w.e.f. 01.04.2018		
	Residential (In Rs.Per sq. yd. per annum)	Commercial (In Rs.Per sq. yd. per annum)	Industrial (In Rs.Per sq. yd. per annum)
1A (Core operational Area)	396	735	254
1B (Near Convent Junction)	528	1080	513
2(Fishing Harbour Area)	462	630	271
3 (Hilly Area)	180	Nil	128
4 (Industrial Area)	330	516	179
5 (Under Airport Area)	334	900	181
6 (Near National Highway Area)	387	1283	217
7 (Away from National Highway)	279	828	185
8 (Salagramapuram Area)	1355	2175	171
9 (Harbour Park Area)	2520	2961	199
10 (Bhimili Patnam Area)	88	N.A.	72
11 (Lankelapalem Area)	115	N.A.	48

2. Charges for right of way permission for laying Pipelines in VPA:

Way leave charges for laying of Pipeline / Conveyors:

The rate as applicable for the category on the concerned zone of Industrial rates mention in Schedule-1 above, as the case may be, for the area occupied by the Pipelines / Conveyors etc.

Note: For the purpose of Right of Way leave charges, the area occupied by single pipelines should be calculated based on the diameter and length of those pipelines. In case of multi-layer pipeline / conveyor stacks, the physical area occupied by the multilayer pipeline / conveyor stacks should be considered and the respective users should be billed on pro-rata basis. As far as underground pipelines are concerned, if the users establish that the possession of surface area above the underground cross-country pipelines is not physically with them, the area occupied by such pipelines should be considered as 50% of the diameter and length, for the purpose of levy of Right of way charges.

General Conditions:

- (1) All conditions governing the license fee lease rent / right of way charges shall be as per the amended Land Policy Guidelines of 2014 issued by the Ministry of Shipping, and as may be amended from time to time in respect of allotment of land/ space covered accommodation on License Lease basis.
- (2) The revised rent approved for the quinquennium 2018-2023 will come into effect from 1 April 2018 and will be valid till 31 March 2023.
- (3) If the low lying area developed by VPA and allotted on lease on Tender/ nomination basis, there may be an increase of 10% over the SOR.
- (4) The lease rent prescribed in above schedule will be revised w.e.f. 01.04.2023 with the approval of Competent Authority
- (5) The lease rentals are subject to automatic escalation of 2% per annum (compoundable) on 1st April 2019 onwards.
- (6) Zone 1A industrial rate will be applicable for the existing firms which are paying previously as per Scale of Rates.
- (7) In respect of Port based captive industries having more than 50 acres of land there will be a discount on proposed SoR to the extent of 25%.
- (8) For the extents of land with less than 500 sq.ft. built up area in case of existing occupiers/ licensees for multipurpose uses like petty shops, etc., useful to the VPA employees in residential colonies, 25% discount may be given on the Commercial rates of respective zones.

3.0 TAMP vide order no. TAMP/38/2021-VPT, dated 15-09-2021, notified in the Gazette of India, vide notification No. TAMP/38/2021/VPT, DATED 21-09-2021, approved for revision of lease rents of VPA lands at Salagramapuram area i.e zone 8 under non-port related activity category which came into effect from 01-04-2021, valid up to 31-03-2023.dated

4.0 It is proposed to revise the lease rents for VPA land at Maharanipeta & Harbour Park Area i.e. Zone-9 under a new category viz. Non-port related activity category, for the reasons as given below:

- (i) The VPA has vacant land of different size parcels of land bits to an extent of 4.32 Acres is available in Harbour Park and 1.99 Acres of land can also be spared after vacation of the Type-V Quarters at Maharanipeta due to dismantling of certain dilapidated / old structures in Zone-Z-9 ^{by VPA} to generate the revenue.
- (ii) In order to put the above said available vacant land into effective utilization and generation of revenue, the VPA had floated tenders fixing the reserve price as per the SOR under commercial category approved by TAMP for the quinquennium 2018-23.
- (iii) But, no response was received though the land bits have inherent benefits like Road connectivity, well developed area in prime location and is very near to the R.K. Beach.
- (iv) As there is no response to the Tenders called for, it was proposed to review various factors like assessing the valuation of VPA lands situated in Maharanipeta & Harbour Park Area, Zone-9 with realistic approach of land value with ground reality by appointing an approved valuer to find out a way on how to utilize the above said vacant lands and for revenue generation.
- (v) In this direction, the valuation work for the vacant lands available in the above said areas was entrusted to the consultant valuation agency Sri K.M. Jeelani, Visakhapatnam on 21.01.2022. The said agency after going through the details by taking into consideration the factors like size of plot, surroundings of the plots, accessibility and population, etc., have submitted the final report duly recommending the rate for the Zone-9, i.e. under Non-port related activity category at Rs.1587/- (excluding GST) per sq. mtr. per annum for the financial year 2021-22 with annual escalation @ 2%. A copy of the said report is enclosed (Annexure-I).
- (vi) The above report was placed before Land Allotment Committee (LAC) headed by the Deputy Chairman and comprising of FA&CAO, Traffic Manager and Chief Engineer during the meeting held on 12.05.2022. The LAC has made the following observation:
 - (a) The land area is located 3.50 kms away from the Port operational area and cannot be used for Port activities since the area is situated in residential area and amidst main city.
 - (b) Tenders were invited under commercial category in November 2021 and March 2022. But, there has been NIL response from the bidders. It was ascertained that due to high reserve price amount there were no participants.



- (d) The said land at Harbour Park area is of odd size and shape in nature, not suitable for many purposes. This was also one of the causes for NIL participation in the tender though it has proximity to City area and near to Rama Krishna Beach.
- (e) Port lands are proposed for lease only but in that area generally lands are for sale.
- (f) The LAC suggested that due to the above points, this land area will be separately ear-marked and categorised as land for non-port related category. Also, the following are the 5 different market value of land considered by the LAC for Zone-9 as per LPG, 2015:

Sl. No.	Factors as indicated in clause 13 of LPG	Input of the valuer on the cost per sq.mtr for purchase freehold
1	State Government's Ready Reckoner of land values in the area, if available for similar clarification/activities.	M.R.Peta - Rs.66,976/- per Sqm Cost arrived after 40% discount is Rs.26790.40 and rent @6% is Rs.1607/-per sq.m.per annum.) H.Park - Rs.71,760/- per Sqm Cost arrived after 40% discount is Rs. 28704/-per Sqm. per Annum and rent @6% is Rs.1722/-per sq.m.per annum.)
2	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 VPA Board.	M.R.Peta - Rs.77,739/- per Sq.m Cost arrived after 40% discount is 31,096/- and rent @6% is Rs.1866/-per sq.m.per annum.) H.Park - Rs.89,699/- per Sqm (Cost arrived after 40% discount is 35,880/- and rent @6% is Rs.2152.80/-per sq.m.per annum.)
3	Highest accepted tender-cum-auction rate of port land for similar transaction, updated on the basis of the annual escalation rate approved by the Port Trust Board.	Nil Participation in the tenders dt.23.11.2021 & 28.03.2022
4	Rate arrived at by an approved valuer appointed for the purpose by the Port	Average rate arrived for the lands at M.R Peta & H.Park with 40% discount as mentioned in page No.15 of Report is Rs.1,587/- per sq.mtrs. , for the year 2022-23
5	Any other relevant factor as may be identified by the Port	---

- (g) Land allotment Committee also took note of the then MOS communication issued by the Joint Secretary, MOS vide D.O. letter No.PD-13017/2/2014-PD.IV dated 08 July 2015. The said D.O. letter states that it is not mandatory that the land allotment committee has to necessarily take the highest of the 5(five) factors given in the land policy guidelines and can choose another factor with proper justification.
- (h) The Committee also took note of Notes given in 5.0 of the Valuer Report (Page: 15 of the Report).
- (i) As land in this area cannot be used for direct Port related activities in any way, this shall be earmarked for Non Port activities zone, so that some revenue may be generated by leasing out these lands.
- (j) Taking into consideration the above mentioned factors as the land at present is not generating any revenue, by reassessing the category and the rental value; it should be in the larger economical interest of the Port.

The land allotment Committee after considered view has recommended that by reassessing, the land could be utilized. Read with the valuation report dated 21.01.2022 of Sri K.M. Jeelani, the rate arrived by the consultants as reserve price with annual escalation of 2%, the LAC has recommended to consider the rate @ Rs.1587/- per Sqm./ per annum as recommended by the Valuer for the Financial Year 2022-23 with 2% escalation per annum (compoundable).

Location	Zone	Category	Consideration of land value as per annum SRO rate suggested by the valuer for lease(Rs per sq.mtr.)	Lease rent in Sqm/annum (for 2022-2023) (@ 6% as suggested by the valuer (Rs. per sq.mtr./annum)
Maharanipeta & Harbour Park Area	Zone-9	Non port related activity	M.R.Peta Rs.66,976/- H.Park Rs.71,600/-	Rs.1587/- plus GST @ 18%

- (vii) The VPA Board after going through the Agenda item No.S-6 (copy resolved vide Resolution No.16/2022-23, dt.19.05.2022 as follows:-
- i) To adopt valuation of lands at Maharanipeta & Harbour Park in Zone-9 under non-Port related activities category at Rs.1587/- (excluding GST) per Sq.Mtr. per annum for the Financial year 2022-23 with annual



escalation @ 2% (compoundable) as recommended by the Land Allotment Committee.

- ii) To follow due process of consultation with stake holders inviting objections & suggestions on the above proposal by constituting a Committee and to suggestions of the stake holders, for approval.
- iii) To seek clarification of the Ministry on the approving authority for notifying the land lease rentals in the absence of TAMP.
- (viii) The proposal of revision of lease rentals for the lands at Maharanipecta & Harbour Park, was hosted in the VPA website on 12.07.2022 seeking comments / suggestions / comments , but no comments, suggestions were received from any user / organisation.

5.0. As approved by the Board, a committee was constituted by Chairman , Under the chairmanship of Dy. Chairman , with CE,CME,TM , FA & CAO and 2 (two) representatives from the VPA Board as members of the committee.

5.1 A joint hearing was held on 14.07.2022 through Video Conferencing by the above committee with the stack holders. The VPA made a brief power point presentation of its proposal. At the joint hearing, the VPA and the concerned users/ organisation bodies/ lessees have made their submissions.

5.2 In the said VC meeting, Sri P.L. Hanumantha Rao representing M/s RAIN-CII Carbon India Ltd has expressed that the rate fixed to said Port lands seems to be high when compared to the rates in existence and opined that the proposal is not viable as the area in question is totally residential and hence requested to allot the said land for offices of trade.

Sri M.N. Rao representing M/s VCTPL expressed his views and later confirmed through mail dt.21.06.2022 as follows:

- (1) Price of land lease rentals arrived by the VPT nominated surveyor/consultant is exorbitant and unviable.
- (2) Methodology adopted to arrive at the price is not pragmatic and relates to ground realities.
- (3) Cost of Sft is about Rs.7000/- to 7500/- in and around KGH & Zilla parishad area. Out of which land cost share per sft would amount to 1500/- to 2000/- per sft on permanent sale basis. If the sale is limited to 30 yrs, it should be reduced proportionately.
- (4) Further, VCT being a PPP Operator of VPA would be interested to shift their Institute/Skill Development centre called Visakha Institute of Port

Management (VIPM) in case VPA provides an extent of 600 sq.yds to 1000 sq. yds on nomination basis.

Sri Subba Rao, M/s Bothra Shipping informed that the price fixed by VPA for the proposed vacant land is not realistic and opined that there is no such huge rate in existence and he suggested reviewing the methodology adopted for fixation and valuation as no bidder will show interest to participate for the proposal as the area is not commercial one and also he requested for another meeting before going for tender. He has further requested to allot suitable land for associations and stakeholders to carry out their businesses.

5.3 In this regard, it is relevant to state that the lease rent for Zone-9 for residential and commercial category approved in October 2018 Order is Rs.3013.89 per sq mt. per annum and Rs.3541.33 per sq.m per annum respectively. The prevailing lease rent after applying 2% annual indexation comes to Rs.3262.34 and Rs.3833.25 per sq.m per annum respectively for the financial year 2022-23. The proposed lease rent of Rs.1587/- per sq. mtr. per annum for new category of land categorised as non-port related in Zone-9 is found to be much lower than the lease rent prescribed for residential and commercial category in the said Zone.

5.4 In the light of the analysis in the preceding paragraphs and taking into consideration the report of the LAC that the LAC after review has recommended the market value of land and lease rent following the PGLM, 2015 Board approved the proposed lease rent for VPA land at Maharanipeta & Harbour Park Area i.e. Zone-9 under a new category viz. Non-port related activity category at Rs.1587/- per sq. mtr. per annum for the year 2022-23 with annual escalation of 2%.

6.0 The separate rate proposed after its approval by VPA Board shall be implemented accordingly for Non-Port related activities in Zone-9. Hitherto fixation of land rents is done by TAMP and after enactment of MPA Act 2021, fixation of rents is done at Board level under clause (b) of sub-section (1) of section 27 of MPA Act 2021. MoPSW vide Ir. Dated 06-07-2022 informed to take necessary action in the matter as per Major Port Authorities (Fixation and implementation of scale of rates, fees and conditions) Rules,2021,under Major port Authority Act 2021.

6.1 The Land Policy Guidelines, 2015 prescribes revision of rates every five years. The lease rent of the VPA land last approved by TAMP vide Order dated 03 October 2018 was made effective from 01 April 2018 and is valid till 31 March 2023. It is relevant here to state that Zone 9 forms part of the main lease rent schedule approved in October 2018 Order. Hence, it is appropriate to prescribe the validity of lease rent for new category under Zone 9 coterminous with the validity of lease rent prescribed in October 2018 Order issued by TAMP i.e. till 31.3.2023.

6.2 It is stated that for the proposed lease rent the conditionalities as prescribed in TAMP Order No.TAMP/30/2018-VPA dated 03 October 2018 shall apply.

7.0 In the result, and for the reasons given above, VPA Board approved to the following Schedule of lease rent for Zone 9 Maharanipeta & Harbour Park for non-port related activity.

3. **Schedule of Lease rent of the Visakhapatnam Port Trust Land for Zone-9 Maharanipeta & Harbour Park Area for non-port related activity.**


NEW ZONE NO.	Lease Rentals w.e.f. 01.04.2022 and valid up to 31.03.2023.
	Non Port related activity (in Rs. Per Sq. mtr. per annum)
Z-9 Maharanipeta & Harbour Park	1587/-

Notes:

1. The rent approved will come into effect from 01 August 2022 and will be valid till 31 March 2023.
2. The lease rental is subject to automatic escalation of 2% per annum (compoundable) on 01 August 2023 onwards, if validity of the rent is extended beyond 31-03-2023.
3. The other general conditions forming part of the Rent Schedule approved in the Order dated 3 October 2018 shall continue to govern the lease rent for Zone-9 Maharanipeta & Harbour Park Area for non-port related activity."


CHAIRMAN

Visakhapatnam Port Authority


02.8.22
CE