

TAMP Proposal

**To fix Scale of Rates (SoR) for allotment of
Port land outside the Port's custom bond area
admeasuring for 277.38 hectares for
development of Special Economic Zone**

February 2016

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1 Introduction and Objective

1.1 Introduction

The functioning of ports in India is governed by the Indian Ports (IP) Act, 1908 and Major Port Trusts (MPT) Act, 19As no specific provisions are available in the IP Act and MPT Act in relation to the management of land under the custody of ports, GOI issued, from time to time, guidelines to regulate land management by individual ports. Though certain guidelines were issued in 1983, 1986 and 1993, detailed guidelines covering various aspects of land management were issued in 1995 in consultation with the Chairmen of various major port trusts. The Ministry, with the objective of formulating a simple, clear, unambiguous and easy to implement guidelines, introduced (March 2004) Land Policy for Major Ports 2004 primarily for dealing with issues relating to allotment of land. Subsequently, the Ministry introduced (January 2011) Land Policy for Major Ports 2010 as a result of an exercise of reviewing the extant policies and to suggest mid-term corrections in various policies governing the major ports to sustain and improve their efficiency. The Policy of 2010 was issued in supersession of the earlier Policy of 2004. Later, a draft policy for land management was prepared (2012) by the Ministry and based on the inputs received in a consultative exercise, Policy Guidelines for Land Management by Major Ports, 2014 were issued in January 2014. In compliance of the policy direction issued by Government of India in the Ministry of Shipping (MOS) under Section 111 of the Major Port Trusts Act, 1963 (38 of 1963), as conveyed by MOS vide its communication No.8(1)/2014-TAMP dated 13 January 2015, the Tariff Authority for Major Ports has notified the Tariff Policy for Major Port Trusts called "Policy for Determination of Tariff for Major Port Trusts, 2015" herein after named as "Tariff Policy, 2015" vide Gazette Notification No.30 dated 27 January 2015.

In line with the latest circulated Land Policy dated 27 January 2015, Jawaharlal Nehru Port Trust intends to notify the Scale of Rates (SoR) applicable for port area designated and notified as a Special Economic Zone. Herein, the objective of the proposal is to notify the land pricing in the area allotted to the Special Economic Zone (SEZ) being developed in the JN Port area.

1.2 Methodology adopted and Sources of Information

The analysis for the present proposal has been carried in accordance to the guidelines specified in the Land Policy for Major Ports, 2015. We have carried the analysis for the present proposal based on numbers available on public domain such as newspapers, web sites, ready reckoner portals, property listing websites etc.

The primary sources of information used in our analysis are:

- ▶ JNPT's internal database, Ready Reckoner Portals, Real Estate Property listing portals, other Competing and similar facilities (MIDC, GIDC etc.)
- ▶ Ready Reckoner available for the Uran Area (containing the area allotted to the Special Economic Zone)
- ▶ Survey Numbers for land parcels in the SEZ area (notified by Ministry of Commerce and Industry) as per information provided by Office of Tehsildar, Land Records Department, Uran-Taluka

1.3 Objective of JNPT

JNPT endeavors to maintain a clear focus on containers as its core business and retain its standing as India's largest container port¹. JNPT aims at attracting the largest share of traffic originating from or destined to its natural hinterland of Maharashtra as well as retaining market share of traffic from the northern hinterland.

¹ Business Plan of Jawaharlal Nehru Port Trust, KPMG Report, accessed on 29th June 2015

JNPT also intends to serve coastal trans-shipment needs of the Indian sub-continent i.e. coastal trans-shipment from other smaller regional ports. In terms of diversification, JNPT has planned to foray into servicing Ro-Ro in the future in case the market for Ro-Ro expands and the potential for containers falls. Pursuant to this, JNPT intends to reduce any risks associated with cargo profile in the future by actively investing resources for additional liquid cargo berths.

JNPT intends to sustain business viability by harnessing its strategic location on Western Coast of India which serves the landlocked northern and north-western regions of India. Towards this objective, JNPT has developed a state of art port infrastructure and service facilities for handling ships and container cargo up to 12.5 meters draught length. An impressive Financial and operational performance of JNPT during recent years has led it to a leading position in India for handling of container cargo.

► **Improve existing infrastructure**

JNPT understands the immense dependability of port's core activities on support infrastructure facilities. Thus, it aims to continuously enhance operating efficiencies by improving its infrastructure for port operations and investing in equipment and technology. In pursuance of the same, JNPT has initiated the Deepening and Widening of the navigational channel to enable handling of larger vessels up to draught of 14 meters, using tidal window. In addition, JNPT has initiated feasibility studies for deepening of navigational channel further. Also, as part of equipment replacement and enhancement programme for better container cargo handling, JNPT has initiated Procurement of Equipment such as ship handling simulators, navigation handling equipment, Rail Mounted Quay Cranes, Rubber Tyred Gantry Cranes and up gradation of Information Technology and software development.

► **Undertake expansion of port based activities to increase capacity at JN Port**

Besides operational efficiency, JNPT intends to increase capacity by way of expansion of port facilities. In this regards, JN Port has initiated the development of standalone container handling facility with a quay length of 330 meters. Further, the feasibility study of development of a Fourth Container Terminal is complete and the construction work for the same has been started. JNPT is undertaking feasibility studies in relation to development of port facilities at Nhava. In addition, JNPT has also commissioned feasibility studies for setting up of additional liquid bulk cargo berths at JN Port on PPP basis.

► **Develop land as a source of operating income and driver of growth.**

JN Port has been allocated an aggregate area of approximately 2,584 hectares of land by the Government of India. JNPT plans to utilize its undeveloped land for further expansion of its port operations, including development of additional berthing and cargo handling facilities both at the waterfront and in the back-up areas.

JNPT understands that land related revenue and development activity is strategically important as a source of current and future revenue. Such streams of revenue are crucial to enhance the availability of ancillary facilities and additional infrastructure for customers of JN Port. In order to utilize available waterfront and land area, JNPT also intends to develop and sub-lease land to third parties, including those interested in establishing facilities that utilize JNPT infrastructure and related services.

► **Strive to improve operational efficiency, quality of service and overall competitiveness**

JNPT continuously strives towards meeting the needs and expectations of its customers by equipping JN Port with latest equipment, technology and computer integrated terminal operation systems, conforming to international standards for ensuring security and safety of life, equipment and cargo. JNPT understands that its customers value its efficiency, health and safety standards, high quality services and responsiveness to changing trade patterns. JNPT aims to establish JN Port as the port of choice on the western coast of India by offering timely, efficient and high quality services.

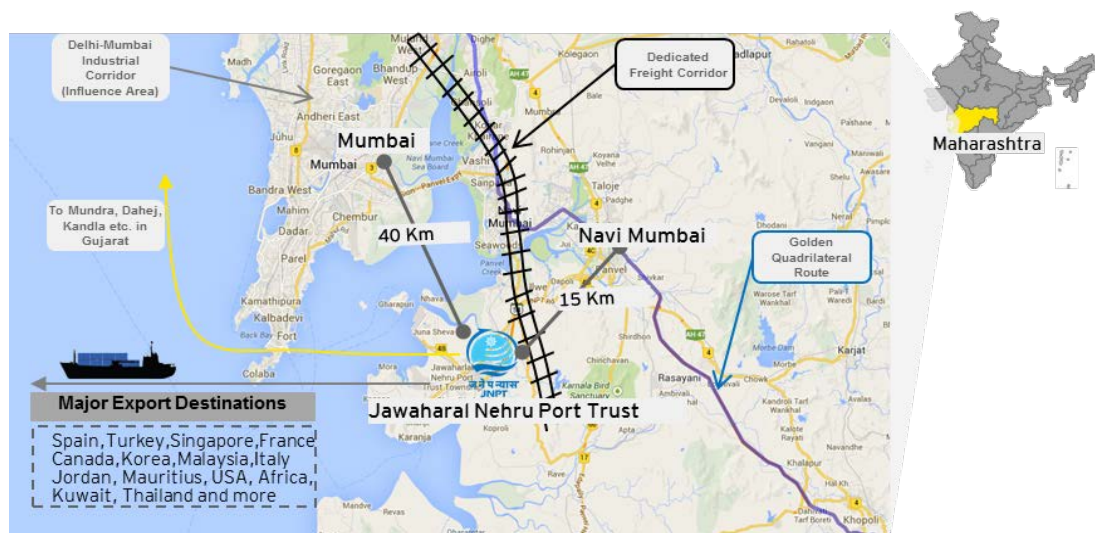
JNPT continuously endeavors to improve operational efficiency of JN Port and the quality of service offered to its terminal customers, thereby improving overall competitiveness. In order to maintain its competitiveness,

Besides, JNPT also falls under the influence area of a mega infrastructure and transport corridor project in India viz. Dedicated Freight Corridor from Delhi to Mumbai. This presents a conducive environment encompassing adequate physical, industrial and communication infrastructure that may be harnessed by JNPT in achieving its objective.

2 Project Brief

In light of the above and keeping in view the objective of the port, a Special Economic Zone (SEZ) project was conceptualized by the Port Authorities and incorporated in the Land Use Plan of the port. The proposed Special Economic Zone at Jawaharlal Nehru Port to be developed at a cost of **around INR 524 crore** is the first-of-its-kind at a major port complex in the country, and would be developed on **277.38 hectares** of land along the Panvel-Uran road connecting the cargo terminals to state highways.

Location Profile of Jawaharlal Nehru Port Trust



The site is around 15 km from Navi Mumbai and around 40 km from Mumbai city. There are three villages and one township within the catchment area; the JNPT Township, Belpada village near the approach road from Panvel, the Jashkar Village and Karal, Sonari, Sawarkar village near the area where the NH 4B and SH 54 meet. Another road linking the port to Panvel is being constructed. There is an oil tank farm area opposite to the SEZ site and a petroleum pipeline running parallel to the railway line, this pipeline is link to the liquid cargo terminals.

Layout of the Special Economic Zone



2.1 Project Snapshot

The proposed development is envisaged to be a **Port Based Multiproduct Special Economic Zone**, with a focus on **collaborating upcoming sectors of India** such as Logistics, Engineering Goods, Electronics, Apparels and Textiles and Multi Services Sector among others. The proposed industrial infrastructure is planned as a **Self-Sustainable Integrated Development**.

Project proponent	Jawaharlal Nehru Port Trust
Project Location	Nhava Sheva, Taluka Uran, Maharashtra
Demarcated Project Area	277.38 hectares
Approach Road	Direct access by Mumbai Goa Highway- NH4B and SH 54 (Port Road)
Key Development Components of the Project	<input type="checkbox"/> Processing Zone <input type="checkbox"/> Non Processing Zone
Type of Industries and Sectors planned	<input type="checkbox"/> Free Trade Warehousing Zone <input type="checkbox"/> Engineering Goods Sector <input type="checkbox"/> Electronics and Hardware Sector <input type="checkbox"/> Non-Conventional Energy Sector <input type="checkbox"/> Multi Services (IT and Healthcare) Sector <input type="checkbox"/> Apparel and Textiles Sector
Distance from Major Growth Centre/ nodes of the State	<input type="checkbox"/> JNPT- 4 km <input type="checkbox"/> Mumbai - 60 km <input type="checkbox"/> Navi Mumbai- 15 km <input type="checkbox"/> Pune - 150 km
Mode of Development	EPC mode
Total expected Investment	Private investment of INR 3,500 Crore
Total Employment Generation envisaged	Direct Employment: 3,000-4,000 employees Indirect Employment: 1.00 lakh
Current Project Status	<input type="checkbox"/> Environmental Clearance Status : Environmental Clearance awarded in December 2014 by SEAC <input type="checkbox"/> SEZ Notified on 11th August 2014 <input type="checkbox"/> Formal Approval granted from Union Ministry of Commerce and Industry on 16th July 2014

2.2 Project Profile

The project area has been proposed to be developed with the optimal mix of export oriented sectors which will boost JNP's overall objective of EXIM trade and a world class infrastructure.

Detailed Master Plan of the SEZ



The Total land area i.e 277.38 hectares is proposed to have the following breakup:

	Land Use	% Share	Area IN Ha
1.	Processing Zone	72.19%	200.25
2.	Non-Processing Zone	27.81%	77.13
	Total	100%	277.38

Break Up of Processing Zone:

S. No	Landuse Activity	Area in Ha	% to PA
1.	Total Industrial Land	129.83	64.8
a.	Engineering	43.03	21.5
b.	Apparel and Textile	11	5.5
c.	Non-conventional	10.43	5.2
d.	Electronics and Hardware	12.91	6.4
e.	Free Trade Warehousing Zone	30.76	5.4
f.	Multi Services	21.7	10.8
2.	Infrastructure utilities - water, wastewater, solid waste, power, fire station	8.41	4.2
3.	Commercial	5.22	2.6
4.	Parking, security, truck parking	6.32	3.2
5.	Roads	25.92	13
6.	Green areas/ Green belt	24.54	12.2
TOTAL - PROCESSING AREA		200.25	100
Total Saleable Area (Industrial) (1a+1b+1c+1d+1e+1f+3)		127.97	

Break Up of Non-Processing Zone:

	Land Use	% Share	Area in Hectares
1.	Housing	50.23%	28.73
2.	Recreational		
	Green Belt	13.31%	12.21
	Parks & Open Spaces	6.28%	2.5
3.	Civic Amenities	3.19%	8.00
4.	Commercial	3.14%	7.52
5.	Utility Infrastructure	3.77%	1.67
6.	Transport & Communication		
	Roads	17.58%	16.08
	Parking	2.51%	0.45
	Total	100%	77.13
	Total Saleable Area (1+3+4)		66.5

The detailed Engineering and Master Plan has been completed by M/s L&T Infrastructure Engineers Limited. The final DPR including the design, detailed cost estimates has been submitted to the Authority on 30th March 2015. Basis the submitted DPR, the cost estimates of the Project are as below:

Summary of Capital Cost Estimates for Internal Infrastructure Development

S. No	Item	Development Cost (Rs. In Crores)
1	Road Works	
	Pavement - Rigid	89.92
	Drainage	29.06
	Pipe Culverts	3.67
	Road Furniture and Appurtenances	7.95
2	Earth Works including Ground Improvement using PVD	155.95
3	Water Supply and Distribution System	13.58
4	Sewage Collection and Treatment System	29.26
5	Solid Waste Management System	3.50
6	Power Supply and Distribution System	62.09
7	Landscaping and Buildings	16.62
Total Infrastructure Development Cost (Rs. in Lakhs): 411.6 Crores		

Besides the Internal infrastructure development, a dedicated entry / exit interchange for the free movement of the traffic from and to the processing area of the SEZ are proposed and the cost for developing the same is estimated at **Rs.31.07 Crores**.

Hence, the total infrastructure development cost for the project is approximately INR **442.66 Crores**.

3 Adherence to the Land Policy Guidelines

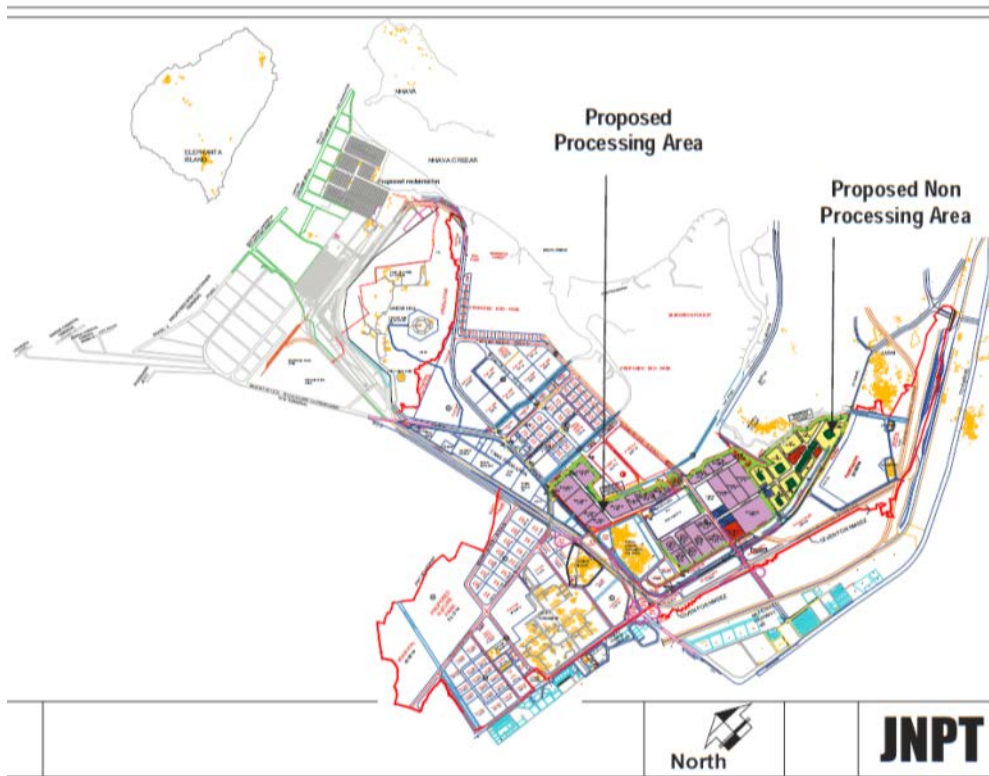
The guidelines mentioned in the Land Policy have been adhered to in the current proposal and the same has been listed herein.

3.1 Land Use Plan

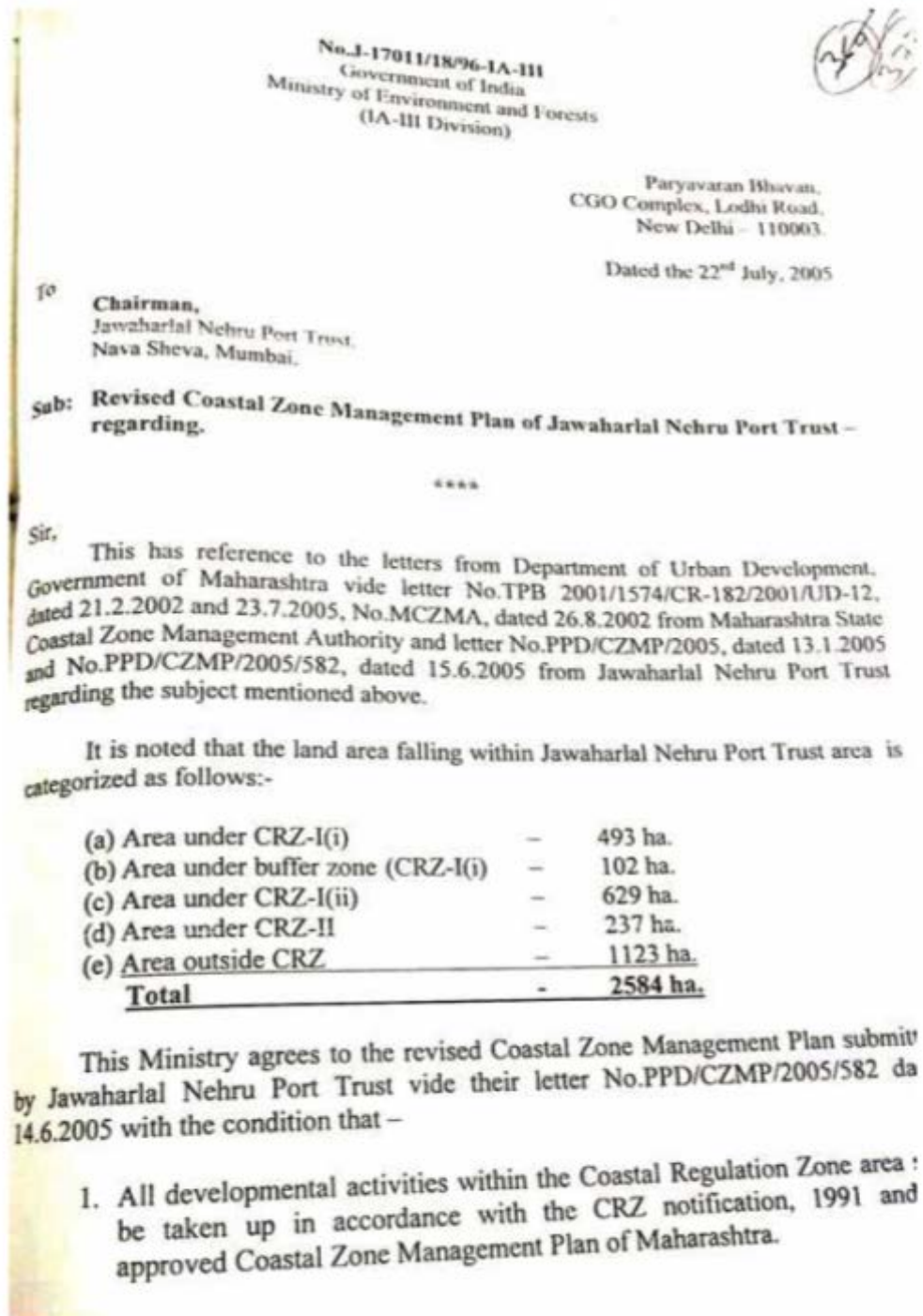
As per the Land Policy Guidelines, the port has an approved Land Use Plan covering all the land owned and/or managed by the Port. The copy of the Board approval of Jawaharlal Nehru Port Trust (JNPT) is attached herein. As per the policy, Land can be allotted either on license or on lease basis as per the approved Land use Plan/Zoning. The land use for the SEZ area is currently classified as ***“Operational Activities of Port”***



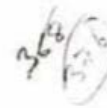
Master Plan of Jawaharlal Nehru Port Trust



The Copy of the Approval received from the Ministry of Environment and Forests is shown below:



:2:



2. No development other than those permissible under the notification will be carried out in CRZ-I(i) and the buffer zone which is also classified as CRZ-I(i).
3. Mangroves will be protected and conserved within the port limits. Efforts must be undertaken to promote mangrove plantation in the open places where there is potential for such afforestation measures.
4. The relocation of the project-affected persons shall be carried out preferably outside CRZ area and if not possible, may be done only in the earmarked CRZ-II areas.

Yours faithfully,



(A. Senthil Vel)
Joint Director

Copy for information to:-

1. Chief Conservator of Forests, Ministry of Environment and Forests, Regional Office, Western Region, "Kendriya Paryavaran Bhavan", Link Road No 3, Ravishankar Nagar, Bhopal -462 016 (M.P.).
2. Principal Secretary, Department of Urban Development, Government of Maharashtra.
3. Chairman, Maharashtra State Coastal Zone Management Authority, And Principal Secretary, Department of Environment & Forests, Mantralaya, Mumbai.



(A. Senthil Vel)
Joint Director

3.2 Land Allocation outside the Port's Custom Area

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

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

3.3 Tenure for Land Allocation

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

In this regard, the tenure for allotment of land is fixed to 30 years and the necessary approval from the Ministry of Shipping and the Board has been obtained. The minutes of

meeting of the same is provided in Annexure III.

3.4 Land Allotment Committee

As per Clause 16.2 (e) of the Land Policy for Major Ports, 2015; a Land Allotment Committee shall be constituted by the Port Trust Board consisting of Deputy Chairman of the Port, and Heads of Departments of Finance, Estate and Traffic. The Land Allotment Committee will finalize the Reserve Price.

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

4 Calculation of the Land Lease Rates and Decision of the Land Allotment Committee

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

4.1 Summary of estimation of the Land Lease Rate and View of the Land Allotment Committee

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

a. State Government's ready reckoner of land values

State Government's ready reckoner of land values in the area identified for the Special Economic Zone has been discussed and deliberated. It was observed by the Committee that allotment of land parcels at their ready reckoner rates will not recoup the investments of JNPT in developing the land parcels and building the infrastructure for the SEZ. Hence, the committee opined that the ready reckoner rates may not be relevant for land allotment purpose.

b. Highest rate of relevant transactions registered in last three years in the Port's vicinity:

Highest rate of relevant transactions in the port's vicinity have been recorded and referenced for determining the market value of SEZ land. Further, the committee discussed that the size of the land transactions recorded in the vicinity are not of the same scale as the plots in the SEZ. Hence, the factor has not been considered.

c. Highest accepted tender-cum-auction rate of Port land:

As per the policy, highest accepted tender-cum-auction rate of Port land for similar transactions, updated on the basis of the annual escalation rate approved by the Port Trust Board needs to be considered. However, the port has not floated any such tender for auction-cum-tender for the land in port area.

d. Rate arrived at by approved valuer

There is only one values appointed by JNPT in the recent past. M/s Knight Frank India Private Limited was appointed for valuation of Tank Farm land in JN Port and the Rate arrived at by them has been considered. However, this land was not for any similar use. It was observed by the committee that the Lease rentals prescribed by the valuer are on the higher side and the reason for the same was that the land was inside the port area and was allocated for a different use. Also, the land parcel was much smaller. While such high rentals would ensure revenue to the port, but the same will attract fewer investors and also dilute the objective of the port to generate employment opportunities. Hence, it was decided that this transaction of tank farm is not relevant. Any other report of any valuer hired by the port was not available for reference.

e. Any other factor considered by the Port: The land allocation committee had worked out a land pricing considering the following criteria:

- a) Historical cost of land acquisition for the land identified for the SEZ
- b) Cost of development of the infrastructure facilities

Based on the above factors, land price of Rs. 3700 per sq.mt. was worked out by the land pricing committee. This price was also compared with the prevailing rates in the other similar industrial areas. JNPT presented this pricing in a meeting held with Standing Finance Committee (SFC) and JNPT Authority on 29th September 2015 at Transport Bhavan, New Delhi for securing approval on project cost estimates and for determining the land pricing strategy. The Port had presented a detailed methodology on land price fixation

and based on the discussions, it was decided that a nominal return of 10% for JNPT may be built up in the rates recommended above considering administrative charges and other expenses. Thereby, the SFC committee headed by the Secretary, Ministry of Shipping suggested to keep a price of Rs. 4000 per sq.mt. as Minimum Reserve Price for land allotment in the first phase of bidding for the SEZ area.

It was also observed by the Ministry during the meeting that as there would be an auction on either upfront or annual lease payments (or other payments), JNPT would realize higher value than the same.

The above rate of Rs. 4000 per sq. mt as Minimum Reserve Price was thereby approved by the SFC Committee headed by the Secretary (Shipping) and also had the concurrence of JNPT. Hence, the committee is of the opinion that the aforementioned rate should be fixed as the base rate for first phase of bidding of the SEZ. Further, keeping in view the intention of the port to bid out the FTWZ land by end of March/April 2016 admeasuring approx. 79 acres in the first phase of bidding, the Committee requests TAMP to approve and notify the recommended rates at the earliest. It may also be noted here that a round table conference was held on February 19, 2016 and the feedback from the industry players were taken on the land rates.

After finalization of the first phase of bidding, the highest received offer during the bidding would be considered as the Minimum Reserve Price for next phase of tendering process.

In the next sections, we have elaborated each of the parameters considered by the Committee and the final recommendation.

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

The Land use for the processing area has been classified as "Industrial Activities". The detailed master plan for the Special Economic Zone envisages plots of various sizes for different identified sectors. The detail of the area allotted to each classification is as listed below:

S. No	Landuse Activity	Area in Ha	% to Processing Area	Proposed Land Use
1	Total Industrial Land	120	60.4	
a.	Engineering	34.34	17.1	Industrial Land (Non-Agricultural)
b.	Apparel and Textile	11.3	5.6	Industrial Land (Non-Agricultural)
c.	Non-conventional	10.43	5.2	Industrial Land (Non-Agricultural)
d.	Electronics and Hardware	11.3	5.6	Industrial Land (Non-Agricultural)
e.	FTWZ	31.93	15.9	Industrial Land (Non-Agricultural)
f.	Multi Services	21.7	10.8	Office ²
2	Utilities - water, wastewater, solid waste, power, fire station	5.13	2.6	None
3	Commercial	6.97	3.5	Office
4	Parking, security, truck parking	5.72	2.9	None
5	Roads	26.16	13.1	None
6	Green areas/ Green belt	35.27	17.6	None
TOTAL - PROCESSING AREA		200.25	100	
Total Saleable Area (Industrial) (1a+1b+1c+1d+1e+1f+3)		127.97	77.4	

Source: Land Use of SEZ, Detailed Project Report-JNPT SEZ, March 2015

The area identified for the proposed Special Economic Zone is located within the Port owned land. As specified in the notification of the SEZ issued by the Ministry of Commerce and Industry, Department of Commerce (SEZ Section) vide ref. no. F.1/4/2010-SEZ dated 11th August 2014, the notified area encompasses the following villages/ taluka:

- Village Sawarkhar, Taluka Uran
- Village Karal, Taluka Uran
- Village Sonari, Taluka Uran
- Village Jaskhar, Taluka Uran

The Website of Department of Registration & Stamps, Government of Maharashtra maintains and displays the data related to the Ready Reckoner values of the land and properties in various districts of Maharashtra. The website has been used as a reference source for the ready reckoner values of the land in the villages identified above. The data gathered from the website³ has been summarized below;

² The Multi services sector comprises of IT/ITeS and Healthcare, which generally includes vertical development and built up office spaces. Hence, the classification has been kept as Office

³ Website of Department of Registration and Stamps, Government of Maharashtra, <http://igrmaharashtra.gov.in:8080/eASRCommon.aspx?hDistName=Raigad> accessed on 17th February 2016

Ready Reckoner Rates (Rs per sq. mt.) for 2016				
Sl. No.	Village	Non-Agricultural Land (Rs. Per sq.mt.)	Office (Rs. Per sq.mt.)	Shops (Rs. Per sq.mt.)
1.	Sawarkhar, Tal-Uran (SEZ)	2430	37800	41400
2.	Karal, Tal-Uran (SEZ)	2430	37800	41400
3.	Sonari, Tal-Uran	1570	26000	33300
4.	Jaskhar, Tal-Uran	1570	26000	33300

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

Considering the above rates and the Land use classified for the SEZ as "Non-Agricultural Land", the average rates for Non-Agricultural Land in the aforementioned villages has been factored for the valuation of the SEZ Land i.e Rs. 2000 per sq.mt or Rs. 0.81 Crore per acre.

It was observed by the Committee that allotment of land parcels at their ready reckoner rates will not recoup the investments of JNPT in developing the land parcels and building the infrastructure for the SEZ. Hence, the committee opined that the ready reckoner rates may not be relevant for land allotment purpose.

B. Highest rate of actual relevant transactions registered in last three years in the Port's vicinity

As per the Committee, the vicinity of the port may be referenced to be the region covering the villages of Sonari, Jaskhar, Sheva and Sawarkhar, Jasai, Chirle, Chirner etc. The rate of escalation adopted by JNPT as per the Land Policy for similar projects and transactions is 2% per annum.

The following relevant transactions⁴ have been recorded in the vicinity of the port:

Comparable Transactions						
Sl. No.	Transaction Type	Location	Area (acres)	Lease Rate (Rs. Per sq.ft. per month)	Lease rate (2014) (Rs. per sq.mt. per annum)	Present Lease rate* (Rs. per sq.mt. per annum)
1	Lease Quote	Sonari	0.5	7.0	904	941
2	Lease Quote	Jasai	5.0	7.0	904	941
3	Lease Quote	Chirle	5.0	6.8	878	913
4	Lease Quote	Dhutum	5.0	6.8	878	913
5	Lease Transaction	Dighode	12.0	6.8	710	739

*Annual escalation factor @2% per annum

However, owing to the small size of the land parcels in above stated transactions, the same may not be compared directly to the land allotment in the SEZ wherein the average transaction size is expected to be around 20-30 acres. Hence, the factor has not been considered for land allotment purpose.

⁴ "Rental Valuation of a Tank Farm Land located in JNPT"- Knight Frank Report, Nhava Sheva, Maharashtra dated January 2014

- 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

As per the policy, highest accepted tender-cum-auction rate of Port land for similar transactions, updated on the basis of the annual escalation rate approved by the Port Trust Board needs to be considered. However, the port has not floated any such tender for auction-cum-tender for the land in port area. Hence, such rates are not available for consideration.

- D. Rate arrived at by an approved valuer appointed for the purpose by the Port

M/s Knight Frank India Private Limited was engaged to evaluate the rental value of a land for the purpose of leasing out to Tank Farm Operators. The rental rate thus evaluated by the consultant was Rs. 1809 per sq. mt. per annum.

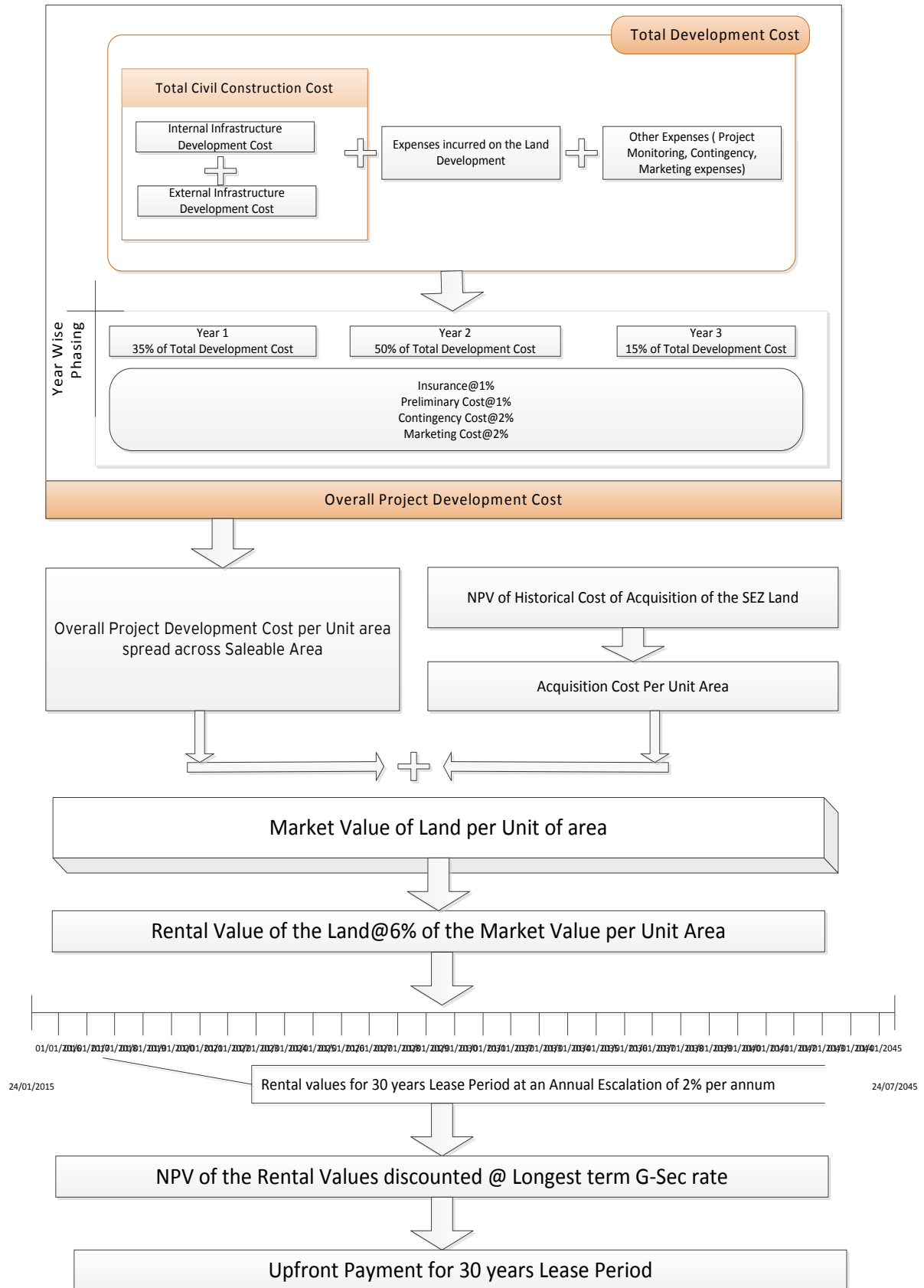
Accounting for the escalation @2% per annum, the current rate is Rs. 1882 per sq. mt. per annum.

For the designated land area for the Special Economic Zone, no separate Valuer has been appointed. The only valuation report available was for this project and a Copy of the same has been attached herein as **Annexure-I**.

However, it was observed by the committee that the Lease rentals prescribed by the valuer are on the higher side and the reason for the same was that the land was inside the port area and was allocated for a different use. Also, the land parcel was much smaller. While such high rentals would ensure revenue to the port, but the same will attract fewer investors and also dilute the objective of the port to generate employment opportunities. Hence, it was decided that this transaction of tank farm is not relevant. Any other report of any valuer hired by the port was not available for reference.

E. Any other relevant factor as may be identified by the Port

JNPT has decided to work out the lease rate of the land as per the following approach.



- ▶ As indicated in the chart above, JNPT has worked out the land pricing based on the following two factors:
 - a. total development cost
 - b. Cost of acquisition of the land
- ▶ The idea of adopting these two factors was that these two are the real expenses incurred by JNPT for the land under consideration and JNPT intends to recover the same from the developer.
- ▶ As the project of SEZ and FTWZ is expected to greatly complement the traffic of JN Port, there is no separate expectation of earning high revenues from the land. But the objective is to generate employment, build facility that would facilitate trade and the port and realize investments as soon as possible.
- ▶ Also, the subject land is not a regular port side land, but is an SEZ land and hence a different approach is needed to finalize the tariff for the same. The Port would in any case hold auction for the lease rentals/ other guaranteed rentals at the time of the allotment of the FTWZ and SEZ units.
- ▶ After arriving at the total costs to be recovered, the JNPT has projected the revenues from the lease rentals over the years by considering the approved escalation of 2% and have discounted the same using a discount factor equivalent of the longest term G-Sec rate (at that point of time- Sept./October 2015). By doing so, the NPV rate arrived has been proposed by the JNPT as the upfront lease payment. (Reserve Price)

Step 1: Estimating the Overall Project Development Cost for the infrastructure construction of the SEZ

The project development cost including the factors such as contingency expenses, insurance, marketing expenses etc. as well as the cost already incurred on the land development has been worked out.

S. No	Item	Development Cost (Rs. In Crores)
1	Road Works	
	Pavement - Rigid	89.92
	Drainage	29.06
	Pipe Culverts	3.67
	Road Furniture and Appurtances	7.95
2	Earth Works	84.95
	Ground Improvement using PVD	71
3	Water Supply and Distribution System	13.58
4	Sewage Collection and Treatment System	29.26
5	Solid Waste Management System	3.5
6	Power Supply and Distribution System	62.09
7	Landscaping and Buildings	16.62
Total Internal Infrastructure Development Cost		411.6
Total External Infrastructure Development Cost		57.16
8	Dedicated Entry/ Exit Interchange	31.02
9	Electrical Substation	20.45
10	Bulk Water Line from MJP	5.69
Total Civil Construction Cost		468.76
11	Variation Limit due to increase in Fuel Cost, Labor Cost etc. @3% of Civil Construction Cost	14.06
12	Project Monitoring Consultant Expenses @2% of Total Civil Construction Cost	9.38

S. No	Item	Development Cost (Rs. In Crores)
13	Boundary Wall Construction	32.00
14	Earth Filling Work for Area B	9.35
15	Earth Filling for Area-A	12.28
16	Land filling for identified area (FY 2009-10)	50
17	Provision for other Expenses related to Insurance/Contingency and Marketing and Advertisement Cost@3% Total Civil Construction Cost	37.78
	Total Development Cost including variation and other provisions	667.41

Note: 1). Cost towards the development Internal Infrastructure Development and External Infrastructure Development are taken based on the DPR prepared by the Technical Consultant M/s. L&T Infrastructure Engineering Ltd.

2). Contingency cost, cost towards PMC services, marketing expenses and other expenses as indicated in the table above has been worked out by JNPT in line with the market practice and the same was discussed by the SFC meeting.

Further, the project construction cycle has been assumed to be phase wise across 3 years in the following manner. The percentage completion of construction per year has been considered keeping in view the construction schedule of the project prepared by M/s L&TIEL and the general industry trends in EPC works of similar nature.

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

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

	Year 1	Year 2	Year 3
Percentage Completion	35%	50%	15%
Total Development Cost (Rs. Crore)	208.54	318.77	102.32
Insurance/Tax (Rs. Crore) @1% of year wise expenses	2.09	3.19	1.02
Preliminary cost (Rs. Crore) @1% of year wise expenses	2.09	3.19	1.02
Contingency Cost (Rs. Crore) @2% of year wise expenses	4.17	6.38	2.05
Marketing and advertisement Cost (Rs. Crore) @2% of year wise expenses	4.17	6.38	2.05
Total Project Cost excluding IDC (Rs. Crore)	221.05	337.89	108.46
Overall Project Development Cost (Rs. Crore)	667.41		

Step 2: Arriving at the Historical cost of land acquisition for the land identified for the SEZ

The land identified for the SEZ area was acquired by JNPT in the year 1984. The cost of acquisition of the land has also been factored as an investment from JNPT. It has been assumed that the price paid for land acquisition in the past may be treated as a Loss of Interest had the amount been deposited in a bank at the nominal rate of interest as applicable. The NPV of the cost of acquisition today has been thus worked out as below:

Parameters	Amount	Unit
Total SEZ Area	685.13	Acre
Year of acquisition	1984	year
Acquisition cost of the SEZ Land	30,000	Rs. Per Acre
Historical Acquisition Cost of Total SEZ Area in 1984	2.06	Rs. Crore
Total Number of Years since land acquisition (till 2016)	32	Years
Interest Rate (for Loss of Interest) ⁵	9%	Per Annum
NPV of Historical Acquisition Cost (As in 2016) compounded @9% per annum for 32 years	32.4	INR Crore

Step 3: MIDC pricing benchmarking in the region

Existing rates in the similar estates or industrial parks in the region have been considered for benchmarking the land rates.

On a regional landscaping of similar facilities, few of the best estates offered by Maharashtra Industrial Development Corporation (MIDC) in locations such as Chakan and Ranjangaon in Pune may be referred. These estates house reputed International players operating in the country viz LG, Whirlpool, Bombay Dyeing and Fiat etc. The average land price offered in these estates is around **INR 1800-3325 per sq.m.**

A summary of the plots in MIDC in Mumbai and nearby regions has been provided below:

Overall MIDC average rates in nearby regions within 50-60 kms from JNPT (Thane, Mumbai)	INR 2200 to 6980 per sq.m INR 0.89 Crore to 2.82 Crores per Acre
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The details of the nearby industrial estates⁶ is as follows:

Industry Name	Industrial Rates (Rs per sqm.)	Commercial Rates (Rs per sqm.)	Residential Rates (Rs per sqm.)	Region	Average Distance from JNPT
Airoli Knowledge Park	11970*	29925	NA	Thane 1	45Km
Dombivli	10180	30425	23145	Thane 1	
Marol	34915	69825	NA	Thane 1	
Mira	6650	13300	NA	Thane 1	

⁵ As per the latest RBI Bulletin, the longest term deposit rates for more than 1 year provide a yield of 7.9%, while the bank base rates for deposits provide an interest @9.7%. The data for Interest rates levied by RBI is available till the year 1997 wherein an interest rate of 9.7% was provided. Hence, a conservative interest rate of 9% per annum has been considered.

⁶ Website of MIDC, Maharashtra, <http://www.midcindia.org/industrial-areas1> accessed on 17th February 2016

Industry Name	Industrial Rates (Rs per sqm.)	Commercial Rates (Rs per sqm.)	Residential Rates (Rs per sqm.)	Region	Average Distance from JNPT
Tarapur	2355	7060	3530	Thane 1	
Thane (Wagle Estate)	13570 *	40565	30860	Thane 1	
Average Prices (Industrial)	13273.33				
Addl. Ambernath	2395	9975	4790	Thane 2	52kms
Addl. Ambernath (Phase-II)	4000	8000	6000	Thane 2	
Addl. Murbad	935	2265	1865	Thane 2	
Ambernath	2660	10640	5320	Thane 2	
Badlapur	2660	7980	5320	Thane 2	
Kalyan-Bhivandi	1995	5985	3990	Thane 2	
Murbad	935	2265	1865	Thane 2	
Average Prices (Industrial)	2225.71				
Ahmednagar I.T Park	NA	NA	NA	Pune 1	130 Kms
Baramati	235	1200	1665	Pune 1	
Chakan industrial area	3325	5985	NA	Pune 1	
Pandare	135	270	NA	Pune 1	
Pimpri Chinchwad (Resi) RL	NA	9000	7000	Pune 1	
Pimpri Chinchwad(Resi) RH	NA	8000	5900	Pune 1	
Pimpri Chinchwad(Resi) RM	NA	8000	6000	Pune 1	
Pimpri Chinchwad	9310	19950	18620	Pune 1	
Ranjangaon	1875	4160	NA	Pune 1	
Talegaon (Floriculture)	160	NA	NA	Pune 1	
Talegaon Industrial Area	2395	5985	NA	Pune 1	
Average Prices (Industrial)	2490.71				
Addl. Jejuri	535	1265	NA	Pune 2	145 Kms
Bhigwan (Sinarmas)	70	NA	NA	Pune 2	
Indapur	270	535	400	Pune 2	
Jejuri	535	1265	NA	Pune 2	
Kharadi Knowledge Park	795	1590	1195	Pune 2	
Kurkumbh	320	955	480	Pune 2	
Rajiv Gandhi Infotech Park, Phase I - Hinjawadi	2470	4940	3705	Pune 2	
Rajiv Gandhi Infotech Park, Phase II - Hinjawadi	2470	4940	3705	Pune 2	
Rajiv Gandhi Infotech Park,Phase-III-Hinjawadi	2470	4940	3705	Pune 2	
Talawade Software Park	935	1870	1405	Pune 2	
Average Prices (Industrial)	1087				
Add. Mahad	250	500	375	Panvel	120 Kms

Industry Name	Industrial Rates (Rs per sqm.)	Commercial Rates (Rs per sqm.)	Residential Rates (Rs per sqm.)	Region	Average Distance from JNPT
Mahad	295	585	440	Panvel	
Mahad 5 star	295	585	440	Panvel	
Nagothane	335	665	535	Panvel	
Roha	800	1995	1200	Panvel	
Usar	335	835	500	Panvel	
Vile-Bhagad	200	400	300	Panvel	
Average Prices (Industrial)	358.57				
Addl. Patalganga	2660	6650	5320	Mahape	30 Kms
Patalganga	2660	6650	5320	Mahape	
Patalganga(Residential)	NA	NA	NA	Mahape	
Taloja	6645	16605	13285	Mahape	
TTC Industrial Area	15960*	39900	NA	Mahape	
Average Prices (Industrial)	6981.25				

*The rates for the Industrial area for locations such as Thane Wagle estae, Airoli Knowledge park encompass IT/ITeS industries and as such the rates are high on account of provision of built up space for such industries.

Similarly, the best industrial parks/estates in Gujarat offer land at rates at an average price of **INR 4000 per sq.m.** and a maximum of **INR 7240 per sq.m. (Bhat in Gandhinagar)** as per the latest land allotment prices circulated by GIDC w.e.f 01.04.2015.

In Tamil Nadu also, the prices go as high as **INR 11,000 per sq.m.** (IT Parks) while the average prices in the Industrial parks are around **INR 1500 per sq.m.**

The relevant abstracts and notifications have been provided in the Annexure-II.

It has been noted that the land rates for the industrial plots increase as the plots get nearer to the JN Port. For the purpose of analysis in this proposal, a reference range of Rs. 2200 to Rs. 6980 per sq. mt. has been followed.

Step 4: Calculation of recommended Land Rates

The approach adopted for the land pricing is consistence with the latest guidelines published by the Tariff Authority for Major Ports (TAMP), 2015. The details of the working carried out for the valuation is mentioned in this section.

The other key parameters used for valuation are as follows:

Parameters	Amount	Unit of Measurement
Lease Period	30	Years
Lease Rental Value	6% of the Capital Value of Land	INR per sqm per annum
Escalation every	1	Year
Lease Rental Escalation	2%	Per annum (As per Land Allotment Guidelines adopted by JNPT)

Discount Rate ⁷	7.83%	10 Year G-Sec Yield rate as per RBI Bulletin, February 2016
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In consideration of the factors mentioned above, a detailed working has been carried out on cost recovery approach and guidelines of Land Policy.

Land Pricing		
Parameter	Amount	Unit
Land Acquisition Cost per Acre (1984)	30000.00	INR
Total Land Area	685.13	Acre
Total Saleable Area (Processing Zone Only includes Industrial plots)	316.09	Acre
Total Saleable Area (Processing Zone plus Non-Processing Zone)	480.42	Acre
Acquisition Cost (SEZ Area)	2.06	INR Crore
Loss of Interest @9%	9%	per annum
Number of years for Loss of Interest	32	Years
NPV of Acquisition Cost	32.40	INR Crore
Project Development Cost	667.41	INR Crore
NPV of Investment from JNPT	699.81	INR Crore
Rates for Valuation		
Historical Land Acquisition rate (in Current Prices)	116.85	INR per sqm
Project Development Cost per Unit area spread across Saleable Area Only	3432.76	INR per sqm
Adjustment factor (premium) considered on Price per Unit of Land due to location, logistics etc.	15.00%	
Market Value of Land (for Lease Rentals as per Land Policy)	4082.05	INR per sqm
Lease Period	30	Years
Lease Rental Value@6% of Market Value	244.92	INR per sqm per annum (Capitalization rate of 6% used as per Land Policy)
Escalation every	1	Year
Lease Rental Escalation	2%	As per Land Allotment Guidelines adopted by JNPT
Discount Rate	7.83%	10 Year G-Sec Yield rate as per RBI Bulletin February 2016

⁷ The discount rate for 10 years G-Sec Yield rate published by RBI has been considered for the purpose, since the 10 year G-Secs are more tradeable and marketable than the 30 year G-Sec. The extract of the RBI Bulletin has been provided in the Annexure.

With the above given inputs, the Lease rental values have been escalated at 2% per annum for 30 years and the NPV has been calculated at a discount rate of 7.83%. The summary of calculations are provided below:

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Escalation factor	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32
Escalated Rental Values	244.923	249.822	254.818	259.914	265.113	270.415	275.823	281.340	286.966	292.706	298.560	304.531	310.622	316.834	323.171
Discounted Values	244.923	231.681	219.155	207.306	196.097	185.495	175.466	165.979	157.005	148.517	140.487	132.891	125.706	118.910	112.481

	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Year	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45
Escalation factor	1.35	1.37	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61	1.64	1.67	1.71	1.74	1.78
Escalated Rental Values	329.634	336.227	342.951	349.810	356.807	363.943	371.222	378.646	386.219	393.943	401.822	409.859	418.056	426.417	434.945
Discounted Values	106.399	100.647	95.205	90.057	85.188	80.583	76.226	72.104	68.206	64.518	61.030	57.730	54.609	51.657	48.864

Amount Recouped through Upfront Payments and Nominal lease Rentals	715.03	INR Crore
Nominal Lease Rentals	1	INR per sqm per annum as per Land Policy
NPV of Nominal Lease Rentals	1.20	INR Crore
Net Present Value (Upfront Amount to be Paid)	3671.54	INR per sq.mt.
Nominal return expectation@10%	367	INR
Minimum Reserve Prices	4038.69 Say 4000	INR per sq.mt.

Step 5: Final Decision on the Land Lease Rate in the SFC Meeting headed by the Secretary, Ministry of Shipping, Government of India

The strategy for the fixation of the land lease rates was discussed in various forums with the Ministry of Shipping and their comments were taken. A meeting was held with Standing Finance Committee (SFC) and JNPT Authority on 29th September 2015 at Transport Bhavan, New Delhi for securing approval on project cost estimates and finalizing the land lease rates. Herein, the Port had presented a detailed methodology on land price fixation and the findings of the approach. Based on further discussions with the committee, it was suggested that JNPT may add a nominal return expectation of 10% on the recommended lease rates considering administrative charges and other expenses. Subsequently, the SFC committee headed by the Secretary, Ministry of Shipping, Government of India suggested to keep a price of Rs. 4000 per sq.mt. (or Rs. 1.61 Crore per acre) for land allotment in the first phase of bidding for the SEZ area for a lease period of 30 years. The minutes of the meeting of the SFC committee held on 29th September 2015 is provided in the Annexure III.

It was also observed by the Ministry during the meeting that as there would be an auction on either upfront or annual lease payments (or other payments), JNPT would realize higher value than the same.

It may please be noted that the pricing strategy have been reviewed diligently by the Board of JNPT, the Ministry of Shipping and the Land Allotment Committee and has been found to be appropriate for the first phase of bidding for the SEZ. In view of the same, JNPT decided to adopt the same as the Minimum Reserve Price for Upfront Payment towards the lease of the land to be allotted. The rates mentioned above are for allotment purpose in SEZ area only.

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

Further, keeping in view the intention of the port to bid out the FTWZ land by end of March/April 2016 admeasuring approx. 79 acres in the first phase of bidding, the Committee requests TAMP to approve and notify the recommended rates at the earliest.

5 SoR Notification Proposal

Herein, it is proposed to TAMP to pass the order and notification as per the schedule mentioned below.

Jawaharlal Nehru Port Trust

Scale of Rates (SoR) for allotment of Port land outside the custom bond area of Jawaharlal Nehru Port for leasing purpose in area allocated for Special Economic Zone

1. SHORT TITLE, COMMENCEMENT AND APPLICATION.

- a) This may be called "The Scale of Rates of Jawaharlal Nehru Port Trust for allotment of Port land outside the custom bond area of JN Port for leasing purpose for Development of SEZ and FTWZ".
- b) The same shall come into force on such date on approval of Board of Jawaharlal Nehru Port Trust and Tariff Authorities for Major Ports (TAMP).
- c) It applies to the areas located beyond the custom bond area of JN Port identified for development of Special Economic Zone on an area of 277.38 hectares for allotment of Port land for development of SEZ and FTWZ for a period of 30 years from the date of approval of the Board.

2. DEFINITION

- a) **"Board"**, in relation to a Port means the Board of Trustees constituted under Major Port Trust Act, 1963 for the Port.
- b) **"TAMP"**, means the Tariff Authority for Major Ports constituted under section 47-A of Major Port Trust Act, 1963.
- c) **"Chairman"**, means the Chairman of the Board and includes the person appointed to act in his place under section 14 of Major Port Trust Act, 1963.
- d) **"Land"**, shall have the meaning assigned to it as in Section 2(k) of Major Port Trust Act, 1963.
- e) **"Lease"**, shall have the meaning assigned to it as in Section 105 of the Transfer or Property Act, 1982 i.e., "transfer of a right to enjoy immovable property, made for a certain time, expressly provided for, in consideration of a price paid or promised, or of money to be rendered periodically or on specified occasions to the transferor by the transferee, who accepts the transfer on such terms".
- f) **"License"**, shall have the same meaning assigned to it as in Section 52 of the Indian Easements Act, 1882 i.e., "a right granted to another person by the grantor, to do or continue to do upon the immovable property of the grantor, something which would, in the absence of such right, be unlawful, and such right does not amount to an easement or an interest in the property.
- g) **"Upfront basis"**, means allotment of land on lease basis on payment of one time upfront payment for the entire lease period and the nominal lease rent approved by the Board from time to time.
- h) **"Premium basis"**, means allotment of land on annual lease basis on payment of annual lease rent with escalation approved by the Board from time to time.
- i) **"Port related activities"**, means those activities directly related to Cargo Handling for enhancement of Port business and other activities vital for Harbor operations.
- j) **"Non-Port related activities"**, means those activities related to Port and the township for smooth functioning, but at the same time indirectly supporting the business of the Port.

- k) **“Registration charges”**, means the charges to be borne by the lessee/licensee towards the costs of preparing, stamping and registering the lease/license and also the cost of a counterpart or a copy if required.
- l) **“Document preparation charges”**, means one time charges to be paid by the lessee/ licensee to the Board for preparation of lease/ license agreement.
- m) **“Security Deposit”**, means refundable amount to kept with the Board by the lessee/ licensee for the entire lease/license period subject to fulfilling all the agreed terms and conditions.
- n) **“Service Tax”**, means is a tax levied by the Government on service providers on certain service transaction but actually born by the customers. It is categorized under Indirect Tax and came into existence under Finance Act 1994.
- o) **“Penalty”**, means the charges levied by the Board for violation of terms and conditions of allotment and wrongful use and occupation of allotted premises.

3. SCALE OF RATES FOR ALLOTMENT OF PORT LAND

3.1. Allotment of land on lease basis for non-Port related activities

Allotment of land admeasuring a total area of 277.38 hectares for the development of SEZ and FTWZ on the Upfront Lease payment basis as per the rates indicated below.

Sl. No.	Zone	Reserve Price in terms of Upfront Payment for 30 years Lease (Rs. Per sq.mt)	Annual Lease Rate - Nominal Lease rentals for 30 years (Rs. Per sq.mt per annum)
1	Special Economic Zone including FTWZ	4000	1

3.2. Registration fees:

Registration charges to be borne by the lessee/ licensee towards the costs of preparing, stamping and registering the lease/license and also the cost of a counterpart or a copy if required.

3.3. Document preparation charges (Processing fees):

Document preparation charges to be paid by the lessee/ licensee to the Board for preparation of lease/license agreement.

3.4. Service Tax:

Service Tax levied by the Government on service providers on certain service transaction but actually born by the customers. It is categorized under Indirect Tax and came into existence under Finance Act 1994.

3.5. Penalty

The penalty levied by the Board for violation of terms and conditions of allotment, wrongful use and occupation of allotted premises.

4. Terms and Conditions

4.1. Due date Payment

The charges to be remitted within a period of one month from the date of issue of demand note.

4.2. Mode of Payment

The payment should be made through RTGS/NEFT/DD in favor of Jawaharlal Nehru Port Trust.

4.3. Interest on delayed payment

Any arrears of rent or other money accruing to or in favour of the Jawaharlal Nehru Port Trust or from the lessee shall be recoverable as a public demand with interest @ 12% per annum without prejudice to any action that may be taken by the Port to recover by a suit in the court having jurisdiction over the area.

4.4. Counting date of allotment

The allotment will be counted from the date of taking possession of site/premises by signing in the Possession Register.

4.5. Non-utilization of allotted land

If the allotted land is not utilized for the purpose for which it has allotted within a period of 2 (two) years from the date of possession, the allotted land will be cancelled and all the payments made for such allotment will be forfeited.

4.6. Penalty

- i. If the lessee breaches / violates any provisions of lease agreement, the Board would reserve the right to impose the appropriate penalty or cancel the lease depending upon the nature and magnitude of such violation. In case of cancellation, no refund will be made.
- ii. If the lessee/licensee continues unauthorised usage of land beyond the approved period, they will be liable to pay compensation for wrongful use and occupation at three times of the then Scale of Rates till the vacant possession is obtained.

4.7. Observation of rules and regulations of Jawaharlal Nehru Port Trust

The lessee /licensee shall observe all provisions of laws, rules, bye-laws, regulations, orders and notification relating to the Port issued by the Central Government Board, Chairman or any other competent authority from time to time and shall pay the rates approved by the Board from time to time.