

Valuation of KDS land and determining its escalation

At present, Kolkata Dock System (KDS) unit of KoPT manages an Estate of 4,543 acres of land. Excluding land currently under use of Port and reserved for future use, nearly 2,905 acres of land, located in Metropolitan areas of Kolkata, Howrah and Budge Budge, are available for leasing and licensing. Out of this, Kolkata City accounts for 2,559 acres, while tenanted land under various leases and licenses (on the date of analysis) amounts to nearly 2,342 acres, comprising 3,002 plates.

A. Analysis of currently followed method of land valuation:

- 1.0 An extremely meagre rental income, accruing from vast stretches of premium urban land, coupled with a mountain of dues, rising up every year because of huge number of unauthorized and litigating tenants paying scant regard to the bills sent to them, looks even more tragic, when we consider the fact that the lease rent/license fee fixed by Kolkata Port Trust (KoPT) is already much lower than the prevailing market rate in the city.

The extent of loss sustained by KoPT (and consequently the potential for revenue augmentation, if such loss could be averted), due to non-payment/meagre payment from a large number of unauthorized tenants, can be gauged from another perspective, i.e., the value of the land occupied. As per Land Policy issued by MoS from time to time, it is the **assessed "latest market value of land"** that determines the quantum of minimum annual rent that a Port can expect. As per the latest **Land Policy (2014)**, the minimum annual lease rental income from a land parcel must not be less than 6% of its market value. This Policy also lays down a definitive methodology for calculating market value of land possessed by a Port, which, it says, **should be the highest of the following 5 factors:**

- (i) *State Government's ready reckoner of land values in the area, if available for similar classification/activities.*
- (ii) *Highest rate of actual relevant transactions registered in the last 3 (three) years in the Port's vicinity, with an appropriate annual escalation rate to be approved by the Port Trust Board.*
- (iii) *Highest accepted tender-cum-auction rate of Port land for similar transactions, updated on the basis of the annual escalation rate approved by the Port Trust Board.*
- (iv) *Rate arrived at by an approved Valuer appointed for the purpose by the Port.*
- (v) *Any other relevant factor, as may be identified by the Port.*



Correct determination of value of land at various locations (called Zones) is important, because it is after such valuation exercise that KoPT prepares a Schedule of Rent (SoR), showing the monthly rent to be charged to a tenant for a land parcel falling within a particular zone (derived from 6% of its assessed value). The SoR, so proposed by a Port, takes effect only after approval from TAMP, the final arbiter as per Major Port Trust Act to fix/revise rental charges. Once in 5 years, this approved SoR needs to be revised, based on fresh land valuation exercise. The latest Land Policy also stipulates *the annual escalation rate in land value to be a minimum 2% per annum*. KoPT currently applies 2.5% escalation to an existing SoR for each year elapsed, since its approval till the next revision takes place through fresh land-valuation exercise.

Land Policy, 2014 mandates that any fresh long term lease (more than 11 months and typically for a duration of 10/15/30 years) must be awarded by Port through competitive bidding only. For this, KoPT follows a tender-cum-auction process, where the base rate for auction is fixed at the annual lease rental value taken from the SoR, duly adding the escalation for intervening period, if any. Bidder quoting the highest premium above the SoR, in this process, gets to enjoy the lease. Even for award of fresh short-term licenses, competitive process has been made the prescribed mode. For the numerous old licensees, who have been holding on to the land for years together by virtue of automatic/repeated renewals, Board of Trustees of KoPT have decided to subject them to tendering-cum-auction process, albeit with a First Right of Refusal, and not granting more than 2 (two) renewals in any case. However, the process of bringing even a small number of such licensees under tendering process has hardly made any progress in the 2 (two) years that has lapsed after the said Board decision.

But, the sad reality is only a miniscule number of current plate-population is amenable to such competitive bidding process, as most of them are encroached/unauthorizedly occupied /litigated, especially in prime location and central business district of the city. It is these land parcels that are the most sought after real-estate in the city and would have fetched the highest rate of rent in a competitive bidding process, **had they been free from the clutches of the unauthorized entities** (*See the Paradip Port Case Study discussed later in this Report*). Thus, even though long term lease for several unencumbered land has been awarded in recent past, at tender-discovered prices (or under bidding process currently), their immediate revenue augmentation potential is rather limited.

Data made available to Vigilance shows that the value of land under KDS, assessed by Port authorities before the last revision, is considerably lower than what it should have been, had the criteria for determination of "market value of land" stipulated in 2014 - Land policy been strictly followed.



This depressed assessment of land valuation has automatically led to fixation of significantly lower rental charge for Port land in the current SoR for the concerned zones, where a tenant had been awarded license for a particular land parcel. This fact was starkly demonstrated by Vigilance in the earlier case study of M/s. Vijay Arya. This tenant had been awarded land measuring 1.6 Acres, in prime locality of Kolkata, for which rental fee in 2015 was **Rs. 4,665/-, i.e., a paltry 7.25 Paisa/ft²/month. In contrast, the company was found to have sublet the premise to 9 other companies and collecting a monthly sum from them, which was 42 times more than what Port was charging him.**

The factors responsible for depressed land valuation before the last SoR Revision are as follows:

- (a) Although as per MoS circulated Land Policy the market value of land was supposed to be the maximum of 5 factors, KoPT relied mostly on one single factor, i.e., **the valuation of land assets by a third-party Valuer appointed by them [factor (iv) above]**. For instance, one of the major determinant - the valuation of land as per State Govt. **[factor (i)] – was not considered while accepting the Valuer's Report by KoPT's Board of Trustees as the Valuer**, in his report, had asserted that State Government's land rates were not readily available. The study by Vigilance did not find any merit in such assertion because of the following:
1. The WB Government's Directorate of Registration & Stamp Revenue Dept. not only has a complete database, containing latest updated values of land located in the city and its surroundings, but have long back launched a citizen service user-friendly public website [<https://wbregistration.gov.in>], where land rates for any area of Kolkata and Howrah can easily be checked for a specific location and end-use. That State government land rates were readily available is evidenced from the fact that the Port authorities did collect Govt. land rates from the above website later, to counter a representation made by a group of tenants alleging that the rates in the approved SoR of KoPT were exorbitantly high.
 2. Apart from the above website, there was another obvious source of knowledge about State Government's land rate, i.e., the "Lease Deeds" registered in past by Port in the Land Registration Department of WB Govt. It is pertinent to note that unlike a license, every "lease" awarded by Port needs to be registered with State Government for legal validity.



During this process, the fee for registration and Stamp Duty to be paid to the State Government by the lessee is calculated on the basis of State Government's valuation of the leased area. This value, along with Stamp Duty and Registration Fee, are part and parcel of a "Registered Lease Deed" document, which is the contractual instrument that binds the lessee with the lessor. Vigilance could easily collect many of these "Registered Lease Deeds" maintained by a Section of Estate Wing, where WB Govt. land rates for the concerned area were readily available. Although there were many cases of long term leases where the registration process had not been completed years after award to the party (and can make such lease legally invalid), analysis of the few Registered Leases, which contained WB Govt. land rate, is an apt pointer to the large variation that exists between land value assumed by Port and State Govt. This analysis indicates how the annual lease rent derived from WB Govt.'s valuation happens to be 2 to 20 times more than Port's SoR, based on valuation made by the approved Valuer [**Annexure-V1**].

- (b) In a similar manner, the registered lease deeds of past years are also the "*actual relevant transactions registered in Port's vicinity*", i.e., the **3rd factor** for determining land value as per Land Policy. But, the Valuer does not seem to have collected or analysed the existing Lease Deeds and the rates contained in them. In fact, had they attempted to do so, they could have easily noticed dozens of awarded leases awaiting registration, years after they were made operational by Port, and that an entire Lease Register was altogether missing from the Section.
- (c) Further, while going through the Valuation Report submitted by the Valuer to the Board of Trustees, due cognizance does not seem to have been accorded to market rates discovered through tendering in preceding years (**the 4th factor** for land value determination). In fact, the Valuer seems to completely ignore rates obtained through vigorous bidding in certain cases, as would be evident from their following strange and counter-intuitive assertion:

"Some of such rates have been obtained through well contested auctions between certain desperate bidders. The element of competition in auction makes them unsafe guide for determining the market value and should not be taken into consideration" [**Para 1.5.1 (x) of Board Resolution No. R/75/KDS/EST dated 03/08/2016**]. How wrong such notion could be is exemplified from the Case Study of Paradip Port Trust, discussed later in this Report.



- (d) That the rates fixed in 2016, which were notified in 2017, were much lower finds credence, when one analyzes the rates obtained for certain plates, which were subject to competitive bidding in the immediate aftermath of this SoR. The analysis of 20 such tenders floated in the same year (2017) of TAMP notification of this SoR reveals that the successful bidders' rates were higher than the SoR rates by an average of 392% above the SoR rates (adopted for assuming reserve annual lease rent), which were supposed to reflect latest and current market value of land! Even if one tempers the variation obtained in each tender case with the corresponding lease area to arrive at a "Weighted Average Variation", one still arrives at an astounding 109.25% [Annexure-V2].

After TAMP accorded approval to Port's SoR, an association of tenants appointed their own Valuer and on the basis of this Valuer's Report, sent a representation to Ministry, claiming that the rental charges fixed are too high. To counter the same, KoPT authorities made a detailed comparison of valuation of KDS land with a point-by-point rebuttal to the points raised in this representation. In this analysis, Port's valuation of land was juxtaposed with WB Government's valuation taken from the afore-mentioned website and past tender rates for areas wherever available were also taken. **This in-house analysis by Port Officials is truly an instructive eye-opener. The data sheet compiled within Port, with related correspondences/mail among various authorities [Annexure-V3], clearly brings out the massive difference between the rate in the prevalent SoR and the rent derived from State Government valuation figures.** A small extract from the same, for some prime localities of the city, is presented below to illustrate the point.

Extract from KoPT's analysis on 21-06-2017 of Land Valuation as per various factors

Sl. No.	Location & description of land	Rate (Rs./100 sq.m/Month)				Ratio of WB Govt. rate to TAMP approved SoR - 2016
		Updated 2011 SoR Monthly Rent (after escalating @ 2% per annum) as on 07.04.2016	TAMP approved SoR 2016	Rate from KPZEWA based JLL Report	Website (State Govt.) derived rate (Industrial use)	
1.	Diamond Harbour Road (Western side) from Majherhat Bridge to Seamen's House	5,404	6,277	5,909	56,325	8.97
2.	Hide Road and Hide Road Extension (up to crossing towards JJP Road) both sides and Mint Place and Roads at JJP	2,225	3,893	2,433	32,186	8.27
3.	Boat Canal & Diamond Harbour Road (Eastern side)	7,088	7,088	7,062	56,325	7.95
4.	Chetla Road	3,544	5,421	3,875	40,232	7.42
5.	Watgunge	2,472	4,326	2,703	24,139	5.58



6.	Circular Garden Reach Road [from Satya Doctor Road to Bascule Bridge] [from Bascule Bridge to NSD Gate No. 5] [from NSD Gate No. 5 to NSD Gate No. 9 (new diversion portion) including lands on the new roads off the road]	4,147	4,859	4,534	24,139	4.97
7.	Grand Foreshore Road River Side (Portion on the North of Banstalla Ghat Road)	1,772	3,101	1,938	12,517	4.04
8.	Grand Foreshore Road River Side (Portion on the South of Banstalla Ghat Road)	1,772	3,101	1,938	12,517	4.04
9.	Strand Bank Road (from Ahiritola Street to Nimtolla Burning Ghat Road)	10,630	13,478	11,623	53,643	3.98
10.	Strand Bank Road (from Nimtolla Burning Ghat Road to Jorabagan Cross Road)	11,811	13,478	12,915	53,643	3.98
11.	Strand Bank Road (from P. C. Tagore Ghat Road to Adya Sradhya Ghat Road)	8,859	13,478	9,687	53,643	3.98
12.	Strand Bank Road (from Adya Sradhya Ghat Road to Jagannath Ghat Road)	8,859	13,478	9,687	53,643	3.98
13.	Taratala Road (from Budge Budge Road to Circular Garden Reach Road)	3,366	5,706	3,681	20,921	3.67
14.	Strand Bank Road (from Howrah Bridge to Mullick Ghat)	14,765	14,765	14,710	53,643	3.63
15.	Taratala Road (from Diamond Harbour Road to Budge Budge Road and Mint Place)	3,692	5,706	4,037	20,921	3.67
16.	Remount Road (between Diamond Harbour Road & Bhuikailash Road)	4,001	5,421	4,375	13,679	2.52

* SOURCE: Dy. Chairman's e-mail dated 21.06.2017 to Chairman with data for responding to Ministry in connection with representation by KPZEWA.

2.0 Estimating rate of escalation of land value: Even the annual escalation of lease rent assumed by KoPT, i.e., 2.5%, appears to be lower, when one considers that the same KoPT had assumed an escalation of 5.1% per annum for 15 long years (1996 - 2011). Escalation of land value as per WB Government website in some important area under KDS like Boat Canal Road, Hide Road, etc. has been calculated on 2 (two) dates: the first is one which the Port authorities had calculated while countering the claim of the aforesaid tenant association on 21/06/2017 and the second is their value in April 2019 [See Table below]. The annual escalation in these areas are found to be well above 2.5% assumed by Port, although technically the assumed escalation does satisfy the provisions of Land Policy, 2014. Even common prudence would indicate that real estate in land scarce urban metropolis of India do not increase at such low pace as 2.5%.

Some Example of Actual Escalation of Land Value

Diamond Harbour Road (Western side) from Majherhat Bridge to Seamen's House	TAMP Approved Rent Updated as on April, 2019 (Rs/100 m ² /month) [R]	Annual Rent per Acre (Rs.) $(=R/100)*12*4047$	State Govt. Land Value (in Crore) as per WB Website as on 21-06-2017	State Govt. Land Value (in Crore) as per WB Website as on [01-04-2019]	Annual Escalation (%)
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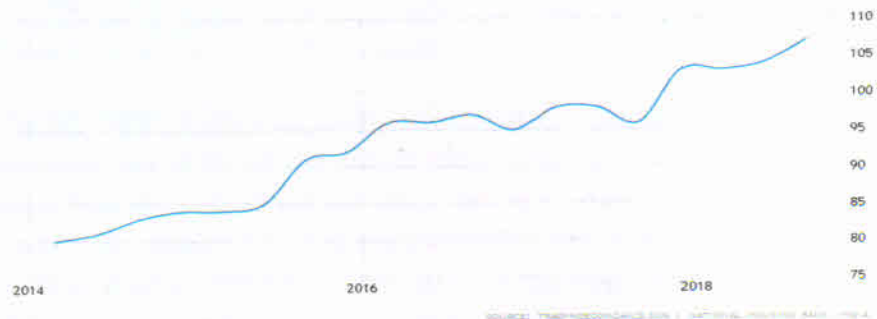


Hide Road and Hide Road Extension (up to crossing towards JJP Road) both sides and Mint Place and Roads at JJP	6,759	2,73,53,673	46.50	59.76	59.76
Boat Canal & Diamond Harbour Road (Eastern side)	3,862	1,56,30,809	26.57	28.56	4.27
Boat Canal & Diamond Harbour Road (Eastern side)	6,759	2,73,53,673	46.50	69.72	28.53
Strand Bank Road (from Ahiritola Street to Nimtolla Burning Ghat Road)	6,437	2,60,51,186.52	44.29	56.18	15
Taratala Road (from Diamond Harbour Road to Budge Budge Road and Mint Place)	2,511	1,01,60,074.44	17.27	23.24	20

2.1. Is there any reliable indicator of property rate escalation?

The following 3 (three) are the most reliable indicators of property value growth rate in India. All these indices are known to move parallel to the value of land and hence, are proxy indicators for its growth rate.

- (i) **NHB RESIDEX**, India's first official housing price index, was an initiative of the National Housing Bank (NHB) undertaken at the behest of the Ministry of Finance, Government of India in July 2007 and updated periodically till March 2015, taking 2007 as the base year. During this period, the coverage of NHB RESIDEX was expanded gradually to 26 cities. Initially, NHB RESIDEX was computed using market data, which, 2010 onwards, was shifted to valuation data received from Banks and Housing Finance Companies (HFCs). Thereafter, data was sourced from Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) from 2013 to 2015. Thereafter, revamped NHB RESIDEX with larger scope and wider geographical coverage was published. This index is computed taking FY 2012-13 as Base Year and is updated up to March 2018. With effect from April 2018, a new series, with FY 2017-18 as new Base Year, has been published and is updated up to the current Quarter.



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- (ii) Reserve Bank of India initially started an index called **RPPI (Residential Property Price Index)** by collecting prices of both residential and commercial properties in various cities. This index is a proxy indicator for growth in the value of real estate in any city and on an all India basis. As per table published by RBI for 13 cities, along with all India average, the all India RPPI has risen significantly from a value of 107 (for Base Year 2010 - 11) to a value 172 by third Quarter of 2014 – 15, which indicates an increase of 72% in a 5-year time span, representing a YoY growth of 9.96%. The rise for Kolkata, for the same period, was lower than the all India average, i.e., from 103 to 153, representing a YoY of 8.24%. Both these figures are far higher than the 2.5% annual escalation for KDS land value assumed by KoPT.
- (iii) The Reserve Bank also compiles quarterly **House Price Index (HPI)** based on property transaction registration data obtained from 'Department of Registration and Stamps' of State Governments of select ten cities (Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur, Kanpur and Kochi), which is more robust than other indices. The latest HPI data released by RBI in October 2018 was as below:

House Price Index: RBI

Quarter	MUMBAI	DELHI	BANGALORE	AHMEDABAD	LUCKNOW	KOLKATA	CHENNAI	JAIPUR	KANPUR	KOCHI	ALL INDIA
Q1.2010-11	90.6	100.7	98.6	93.2	88.8	77.9	102.7	95.3	91.7	89.6	94.2
Q1.2011-12	122.1	126.8	110.7	121.3	118.0	103.0	101.2	106.3	104.7	120.9	116.0
Q1.2012-13	147.6	177.3	133.3	140.8	136.4	135.2	119.2	113.4	114.4	98.8	142.6
Q1.2013-14	160.0	214.8	142.3	161.9	173.9	171.8	138.3	129.4	82.4	127.0	162.3
Q1.2014-15	183.2	241.7	180.4	173.0	223.3	194.0	179.2	120.6	99.4	166.9	188.0
Q1.2015-16	203.5	296.5	208.4	186.6	259.8	231.1	186.0	132.7	104.3	172.6	215.3
Q1.2016-17	219.2	305.7	220.6	207.6	302.6	234.9	230.6	126.8	113.0	199.7	231.1
Q1.2017-18	246.0	341.9	227.7	243.1	341.3	251.4	204.8	132.7	133.5	189.1	251.2
Q1.2018-19	264.2	341.6	244.8	254.0	360.6	254.5	224.5	155.6	148.7	267.0	264.6

[Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics>] The above index of RBI once again shows that the increase in the price of House Property, a proxy indicator for real estate and rental income, has been from 77.9 to 254.5 for Kolkata in last 9 (nine) years that translates to an year-on-year annual growth rate of 14.9%, which is 6 (six) times more than the currently adopted land value escalation rate of 2.5%.

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2.2. Report of CAG on land management in Major Ports (2015): The importance of timely submission of proposal for revision of SoR by Ports to TAMP finds serious mention in Report No. 27 of 2015 of CAG. Here, CAG had analysed TAMP orders of 11 Ports to examine the compliance of Ports in revising SoR at an interval of 5 years. After the analysis, CAG lamented the fact that the proposal submitted by Ports for revision of SoR ranged from 2 years to 11 years & 10 months. In this analysis, the second worst delay (the maximum being in the case of Kandla Port Trust) found by CAG was that of Kolkata Port Trust, where a delay of 10 years & 2 months had been found between the last revision of SoR in October 1999, which was due for revision in October 2001, and its actual approval by TAMP was in January 2011.

3.0 Price Discovery Through Competitive Process: The case of Paradip Port Trust

The land Policy of 2004, issued by Ministry of Shipping, stated the following regarding award of license of land:

“... The license may be up to a maximum period of 11 months and shall normally be in accordance with the Schedule of Rates (SoR)/Rates approved by the competent authority. At the discretion of the Chairman, such license may also be given by inviting tenders. The license can be renewed at the expiry of the previous license period.”

In Paradip Port, prior to 2005, plots for storage of Iron Ore used to be allotted on payment of normal license fees as per the Ports Schedule of Rent (SoR), which was Rs 9/m²/month. Due to surge in international Iron Ore market, demand for these plots also increased in Paradip Port. **Even though it was not mandatory for Port management to award license through tender or auction as per the Land Policy prevailing in 2005, they decided to introduce auction for the allotment of manual Iron Ore plots for export of Iron Ore.** In the auction, bidders were asked to quote an “One Time Premium” over and above the normal rent to be paid every month as per Port’s SoR. Once the open competitive process was unleashed for award of license, the true market value of these plots (even for a short duration of 11 months on license basis) came to the surface.

The variation between Port’s SoR and the real market value of these licenses (reflected by the premium quoted by the successful bidders), revealed through auctions, is depicted in the table below:

[Source: Traffic Department, Paradip Port Trust]

Year of Auction	No of Plots	Area auctioned for award of 11-month license (m ²)	Total "One Time Premium" obtained in auction (Rs)	Value of Premium obtained (per sq. mtr. of license)	Increase in "Premium Income" over 2005 level
2005	26	78000	27489000	352.42	
2006	20	60000	40400000	673.33	91.06 %
2007	14	42000	40000000	952.38	170.24 %
2008	4	12000	60400000	5033.33	1328.21 %
2009	6	18500	197377111	10669.03	2927.34 %
2010	3	9000	166666665	18518.52	5154.63 %

The above data shows how the premium for the license increased every year way above the SoR of that time. **By 2010, the premium accruing to Paradip Port was an astounding 5154% of the 2005 level.** This demonstrates the hidden revenue potential of hundreds of plates under KDS which have continued to exist without being exposed to any kind of competitive bidding.

- 4.0 Revenue augmentation potential:** It is pertinent to note that all Major Port Trusts have been empowered to realize maximum possible commercial value from their land assets, unlike other Port services whose pricing is aimed at providing services to Port Users at affordable cost and facilitating Maritime trade. The latest Land Policy clearly envisages realisation of yearly rent from tenanted assets to be at least 6% of its "latest market value". Value of land in any city varies from location to location. For instance, as per West Bengal Land Registration Department, one acre of land in the Central Business District of Kolkata, located one or two kilometres away from Howrah Station, is presently valued at Rs. 70 to 80 Crores, while further 8 to 9 kilometres down, it can drop down to Rs. 5 to 10 Crores per acre. Thus, even on a conservative basis, the market value of the currently tenanted land of 2,342 acres (assuming an average of Rs. 40 Crores for an acre of prime Metropolitan land) would be in the region of **Rs. 90,000 Crore**. Consequently, as per latest Land Policy, **the annual lease rental income from tenanted land under KDS alone has a potential to reach 6% of this market value, i.e., at least Rs. 5,400 Crore.**

The above figure of annual revenue generation potential of Rs. 5,400 Crore stands in stark contrast to the current level of income generated not just from Estate rental but from all Port operations put together. For instance, the annual income of Kolkata Port Trust, which operates 2 (two) separate Dock Systems, i.e., Kolkata Dock System (KDS) and Haldia Dock Complex (HDC), comes from 4 different revenue streams: (a) Income from Cargo handling and storage charges, (b) Income from Vessel related charges, (c) Income from Railway operations, and (d) Estate Rental.

In the year 2017-18, KoPT's Book of Accounts showed a total revenue of Rs. 2,313 Crore from the above 4 revenue streams. Out of this total revenue, rental income from



Estate was Rs. 316 Crore from both KDS & HDC, with KDS contributing Rs. 186 Crore. Even this figure of Rs. 186 Crore is not the actual earning, but represents only the amount billed to lessees and licensees - not what actually gets realised from them during the year. Data of past years show that the actual realization vis-a-vis billing has been always low, with historical trend pointing to hardly 60% - 70% [Ref: *Earlier Analytical Study & System Improvement titled "Billing Process of KDS"*]



B. System Improvement Suggestions:

- 1.0 *Proper evaluation of land asset is a sine qua non for determination of optimal rental charges to be stipulated in the new SoR. This is especially true when a ball park estimate of value of tenanted KDS land alone would be close to Rs. 90,000 Crore. The next revision of SoR is due in 2021, for which KoPT will undertake a fresh land valuation exercise, well in advance. **At least next time, all the 5 factors stipulated in Land Policy, 2014 must be taken into account for valuation and extreme reliance on any third-party approved Valuer must be avoided for this purpose.** It is not out of place to mention here that Kolkata Port Trust has enough expertise, experience and knowledge bank to undertake such land valuation exercise.*
- 2.0 *The State Government land price must invariably be considered for the purpose of land valuation, since the said database has been created in consideration of all locational factors and end-uses.*
- 3.0 *Immediately, a database of all past registered Lease Deeds should be compiled by Estate Division. This would serve as repository for "actual relevant transaction" data for various zones.*
- 4.0 *It has been detected by Vigilance, in numerous plates, that the lessee/licensee has rampantly deviated from the original purpose (end-use) stipulated in deed/offer, in absence of any laid down programme of periodic or random inspection of tenanted plates by Estate Division. It may, therefore, be prudent to take such a possibility while determining land value in a particular area.*
- 5.0 *A tender database already exists in the Tender Section, which must be taken into account while the next valuation exercise is undertaken.*
- 6.0 *A census of short-term licenses that have been continuing long after efflux of time, due to multiple undeserving renewals, must be terminated and brought under the fold of competitive bidding exercise, as envisaged by Board of Trustees in 2015. The decision not to grant more than 2 (two) renewals to such tenants must be scrupulously adhered to. The 70-odd plates, already identified to be brought under tender-cum-auction, should be expedited and concluded without any further delay.*
- 7.0 *The practice followed in Paradip Port Trust, for fixation of Annual Reserve Rent for their tender-cum-auction process meant for awarding new leases/licenses, can be worth emulating. In Kolkata Port Trust, fixation of Annual Reserve Rent is always as per prevailing SoR, irrespective of whether a higher rate was obtained in the last tender for the same /adjoining plate. In Paradip Port Trust, the higher of the rates obtained in the last tender and SoR is understood to be considered for such purpose.*



This procedure of Paradip Port Trust can be a welcome system improvement for Kolkata Port Trust for fixation of Annual Reserve Rent for their tender-cum-auction process.

- 8.0 *The present level of 2.5% annual escalation in value of land needs to be revisited with the aid of reliable indexes like NHB RESIDEX, RPPI or HPI. The index of choice should be HPI, since it is the only one based on actual property transaction data collected by RBI.*

[N.B.: *The above Analytical Study on land valuation refers to 3 (three) Annexures (V1, V2 & V3) and Report of the CAG on land management in Major Ports (2015).]*

