



*Press Release*

## **Clarification on media reports appeared on 22.09.2017 on concerns of Lease Holders' Association.**

Cochin Port Trust has around 2172 acres of land which is spread over in Willingdon Island, Vallarpdam, Puthuvypeen, Bolghatty, Palluruthy, Fort Kochi and Ernakulam. The statutory position with regard to this land is that the Govt. of India is the owner and Cochin Port Trust, the custodian. The Ministry of Shipping, Govt. of India, issues Land Policy Guidelines (LPG) from time to time laying down the policy for leasing these lands, the latest being Policy Guidelines for Land Management by Major Ports, 2014, which took effect from 2-1-2014. The Tariff Authority for Major Ports (TAMP) fixes the estate rentals (Scale of Rates) in consultation with Port Trust and Stakeholders on the basis of latest market value of port land. There is a nominal enhancement in the SOR every year as provided in the LPG and general revision in the SOR carried out after every 5 years. The recent revision in the SOR is effective from 21-8-2016.

With the migration of container activities from Willingdon Island to Vallarpadam during the year 2011 most of the container related activities also got shifted from Willingdon Island for smooth operations. Further, the new LPG does not allow sub-leasing in respect of leases executed/renewed after 2-1-2014. Hence, after 2-1-2014, the lessees who were mainly into sub-letting of their premises without doing any port related activities directly, were affected by the new policy guidelines and the area/premises was being surrendered. In order to facilitate genuine port users to continue their activities within the Port limit, CoPT has accommodated many of the sub-lessees directly, avoiding intermediaries.

The contention of the Lease Holders' Association that there has been abnormal increase in estate rentals is not factually correct. In fact there was only a 5.47% increase in the lease rent effective from 21-8-2016 as compared to the lease rent prevailing during the previous year. In the case of pre-1996 lessees, the lease deed provided an increase up to 100% after every period of 5 / 7 years. In the notification of Scale of rates in 1996 a 5% yearly

enhancement was also provided. Subsequently, in 2004 the yearly enhancement was reduced to 2%. However, in the case of pre-1996 Lessees, the yearly enhancement was only made effective and the revision of base rent as per the agreement was not carried out. It was only in 2010, when the new SOR was notified by the TAMP, an exercise was undertaken to revise the base lease rent of pre-1996 lessees. During this exercise, the base lease rent exceeded the TAMP SOR and hence, it was decided to limit the lease rent as per SOR. However, CoPT is not in a position to collect the revised TAMP rates of 2010 and 2016 from some of the pre-1996 lessees who have gone to the Court.

There is no dearth of built-up area/land to accommodate the port users. Around 334 acres of land is available which is considered for allotment through e-tender-cum-auction. Vacant built-up area is also being tendered (both for office & warehouse) as per LPG. There has been good response from the trade to the tenders floated, which indicates that the estate rentals are acceptable to them.

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