

**THE GANDHIDHAM
CHAMBER OF COMMERCE & INDUSTRY**

(ESTD. 1953)

"CHAMBER BHAVAN", Plot No. 71, Sector 8, Post Box No. 58,

GANDHIDHAM - Kachchh - 370 201.

Phone : +91-02836-220977, 220735 • Mobile : 99250 37814 • Fax : 220888

e-mail : info@gccikandla.com • Website : www.gccikandla.com

No. GCCI / 357

Date:25.08.2018

Shri Gopal Krishna (IAS)
Shipping Secretary
Ministry of Shipping,
New Delhi
CAMP: Gandhidham – Kachchh

Sub: Representation for various issue of Deendayal Port Trust

Dear Sir,

We welcome you on your maiden visit at Gandhidham Township and thank you for according personal audience to our delegation on 25th August 2018 at Gandhidham – Kachchh – Gujarat.

We represent the following issues for your kind consideration:

- ❖ Exorbitant Transfer Fee for residential / commercial plots of Kandla – Gandhidham Complex.
- ❖ Conversion of lease hold land to free hold land.
- ❖ To expedite the construction of Oil Jetty No. 7 to facilitate timely berthing and to relieve congestion. Similarly, the work of ROB and Dr. Babasaheb Ambedkar Convention Hall is pending due to pending Environment Clearance.
- ❖ To expedite early construction of berth no. 14 & 16.
- ❖ Copy of representation from "Shri Kandla Salt Lease Holder Welfare Association" for issues faced by Salt land users of Deendayal Port Trust is attached.
- ❖ Copy of representation from "Shri Kandla Salt Lease Holder Welfare Association" for suggestion to provide preferential treatment to salt export from Deendayal Port.
- ❖ Request to appoint the representative of The Gandhidham Chamber of Commerce and Industry on trustee board of DPT under the category of "Other Interest".

Thanking you.

Yours faithfully,


Dinesh Gupta
President

Encl: as above.

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No. GCCI / 352

Date: 25.08.2018

To,
Shri Gopal Krishna (IAS)
Shipping Secretary
Ministry of Shipping,
New Delhi
CAMP: Gandhidham – Kachchh

Sub: Exorbitant recovery of transfer fees

Dear Sir,

We, The Gandhidham Chamber of Commerce & Industry has been working in close liaisoning with the Deendayal Port Trust in the overall development of this region. Deendayal Port Trust (formerly known as Kandla Port Trust) is administrator of the land of this township. The land was initially allotted on 99 years lease basis from 1955-58 onwards on auction / tender basis. The auction / tender was conducted on the basis of the rates fixed by the Kandla Port Trust which was equal to the development cost. Thus the development of the plot was the base for allotment which treated as the market value of the plot over which the tenderer was quoting a premium. In addition to above, a ground rent of 2 ½% of the development charges and premium quoted was recovered annually.

- 1) The above system of allotment of land on the basis of development charges continued upto 1980 and thereafter the rates based on the market conditions were considered. After constitution of the Tariff Authority of Major Ports, the rates fixed by them were treated as the market rate from 01.01.1999. However, the above rates were not implemented till 2010 due to the decision taken by the Port in the aftermath of Cyclone in 1998 followed by Earthquake in 2001. The implementations of the rates were not acceptable by the general public and there were agitations and Bandh in this area.
- 2) As can be seen from above, the Board had been allotting the plots on the basis of the development cost and thereafter on the market rates fixed by the Board and from 01.01.2004, the allotment has been made on the basis of the rates fixed by the TAMP. As regards the transfer and mortgage fees, the TAMP has clarified that they are not having any authority to fix the above rates as the same are as per the contract conditions, i.e. terms of lease entered between Deendayal Port and the lessees. As per the terms and conditions of the lease deed, at the time of transfer of assignment of the premises the lessor shall be entitled to claim and recover from the lessee effecting the transfer or assignment 50% of the unearned increase i.e.

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the difference between the lump sum development charges already paid and the market at the time of transfer.

- 3) It is further submitted that as per above terms and conditions, the Board had been fixing the market values, which was always on the basis of the Development cost till 2010. Thus the Board had been fixing the market rates for the purpose of recovery of transfer fees which was always mentioned as an increase in percentage of the development cost. This system has been continuing since 1958 to 2010. As such there was no reason or cause for the Board to change from the above system by switching over to the rates fixed by the TAMP, which could be applied only for the fresh allottees. Thus the Board changed the system of fixation of market rates for the purpose of recovery of transfer fees, which was done without consulting the lessees. Not only this, but due to change in the system, the rates earlier ranging from Rs.18 – 121 per square meter as prescribed by the Board upto 2010 was increased to Rs.440-3200 with retrospective effect fixed by TAMP for allotment. Few illustrative examples are given under:

	Sq. mts	Upto 01.01.2004(DC)	01.01.2014 to 19.10.2014	2010-2014
Residence	100	900	22,000	3,90,000
NU 10 B & 3	100	1,800	40,000	12,00,000
Commercial (Sector – 8)	500	21,500	4,00,000	30,00,000
Commercial (Sector – 9)	500	26,250	6,00,000	62,50,000
Comp. Sector 1A	140	9,870	2,24,000	12,88,000

- 4) Surprisingly, it is noticed that whenever there will be again increase as and when the TAMP rates from 01.01.2014 was also approved. The issue was thereafter continuously taken up directly by the Gandhidham Chamber, etc. and considering the huge increase and opposition from the public, the rates w.e.f. 01.01.2009 was implemented prospectively w.e.f. 21.12.2014. The Board passed a resolution to waive the retrospective implementation and to work out a methodology to lessen the impact of multiple transfers of the same plot. This brought some relief to local public and appreciated by one and all.

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:: 3 ::

- 5) The recovery of transfer fees by DPT, has been examined by the Ministry in the light of agreement between the lessor (Deendayal Port Trust) and lessee and various legal opinions. It is felt that there is a written agreement between the lessor and lessee and two parties bound by the terms and conditions of the agreement. Para 6(1)A(l) of the lease deed given contractual rights to DPT to recover 50% of the unearned increase as transfer fees for approving any transfer, which has been informed to us vide letter dated 04.08.2018. We feel that the above opinion given by the Law Ministry is not in accordance with the terms and conditions of the lease deed. Our submission is that the practice of fixing market rate the basis of development cost worked out from time to time is required to be followed, which cannot be changed by accepting the market rates fixed by the other authorities.
- 6) It may not be out of place to say and submit that due to the high transfer fees coupled with the stamp duty and registration charges payable to the State Government, about 75% of the rates are required to be parted with each time a transaction takes place which will only force the public to stop taking permissions and registration and to find out some other ways to avoid the payment resulting in revenue loss.
- 7) From above submission, it is very clear that the Board has been charging the transfer fees based on the market rates fixed on the basis of the development charges till 01.01.2004 and therefore the switching over to the rates recommended by the TAMP is not tenable and reasonable as per the terms and conditions of the lease deed. Thus the longstanding practice is required to be followed, particularly when the "TAMP has clarified that they have no authority to fix transfer fee and mortgage fees". Further, the Port should not fix arbitrary rates and continue to recover more than what is permissible under the terms and conditions of the lease.

In view of the above reasons, we request you to consider the above facts and fix the market rates equal to the present-day development cost, in line with the contract conditions, and till such time no recovery based on TAMP rates, which is irrational and unscientific, may be made, which otherwise is applicable only for the purpose of allotments.

Thanking you.

Yours faithfully,


Dinesh Gupta
President

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No. GCCI / 353

Date:25.08.2018

Shri Gopal Krishna (IAS)
Shipping Secretary
Ministry of Shipping,
New Delhi
CAMP: Gandhidham – Kachchh

Sub: Land Issue of Gandhidham Township –Conversion of Lease Hold to Free Hold

Dear Sir,

We thank you for granting us personal audience and patience hearing during our meeting on today.

Sir, as you are aware, after prolong struggle of local public to get free hold right of the land, the Central Government declared the scheme for conversion of lease hold land in to free hold in the Gandhidham Township. The process of conversion of lease hold land into free hold started by Deendayal Port Trust and 400+ applicant got approval from Deendayal Port Trust after the completion of necessary formalities. Thereafter no registration / mutation letter is being issued to the applicant by Gujarat Government as the subject land of the Township is not on revenue record of Gujarat State resulting almost stoppage of the process of the conversion of lease land to free hold.


Also, there is long pending demand of the people of the Township to include the conversion of whole Township land including commercial and industrial from lease hold to free hold.

Now, people of the Township are in dilemma about their right of free hold of the land and day by day there is poor response to the conversion scheme.

Therefore, we request you to review the whole process of the conversion and initiate necessary measures for course correction.

Thanking you.

Yours faithfully,


Dinesh Gupta
President

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No. GCCI / 354

Date: 25.08.2018

Shri Gopal Krishna (IAS)
Shipping Secretary
Ministry of Shipping,
New Delhi
CAMP: Gandhidham – Kachchh

**Sub: Request to intervene to expedite the construction of Berth No.7 for Liquid Cargo
Jetty & dry cargo Berth no. 13 and 16 at Deendayal Port**

Dear Sir,


We appreciate the recent performance of Deendayal Port and planning of various development projects to enhance the cargo handling capacity of Deendayal Port.

- In this connection, we would like to draw your kind attention towards pending Environmental Clearance for the construction of Berth No. 7 for Liquid Cargo Jetty at Deendayal Port inspite of elapse of more than two years for the completion of all other formalities. Since, day by day demand for handling of liquid cargo increases at Deendayal Port, it is very much essential to make Berth No.7 for liquid cargo jetty operationalize on top most priority basis. (Chart showing waiting at port for liquid vessel is enclosed herewith for your ready reference).
- Similarly, the construction of dry cargo berth no. 13 & 16 is stopped due to pending of Environment Clearance from NGT. Hence, there is acute need to expedite construction of Dry Cargo Berth No. 13 & 16 on top most priority basis as the demand for handling of EXIM dry cargo is increasing day by day at Deendayal Port to meet further demand of its hinterland.

Therefore, we request you to kindly intervene in this long pending issues at the earliest so that tankers demurrage charges can be avoided by the business fraternity and increase of handling of dry cargo will boost further total handling of Deendayal Port.

Thanking you.

Yours faithfully,


Dinesh Gupta
President

Encl: as above.

SHRI KANDLA SALT LEASE HOLDER WELFARE ASSOCIATION

Office : BBZ - South - 49 & 50, Zanda Chowk, Gandhidham (Kachchh) 370201
Phone No.: +91-2836-225090, 225091 Fax : +91-2836-225092

Reg. No. GUJ/2019/KUTCH

E-Mail : kandlasalt2013@gmail.com

Date: 24th August, 2018



To,
Shri Gopal Krishna (IAS),
Shipping Secretary,
Ministry of Shipping,
Government of India,
NEW DELHI

Respected Sir,

Sub:- Issues faced by salt land users of Deendayal Port Trust-
Amendments required in Land Policy Guide Lines for
Major Ports
~~~~~

President :  
**B. B. Humbal**  
M.: 98254 91041



Vice President :  
**Sukhraj Singhvi**  
M.: 98252 26011



Secretary :  
**Vijay Soni**  
M.: 89800 18334



Joint Secretary :  
**Harish Thacker**  
M.: 98792 08687



Treasurer :  
**Parasmal Nahta**  
M.: 98252 25181

We welcome you on your maiden visit at Gandhidham Township and thank you for according personal audience to our deligation on 24<sup>th</sup> August, 2018 at Gandhidham.

With reference to captioned we would like to bring following issues faced by our members :-

i) SOR was fixed by tamp without considering the salt land lease rate of State Government and they have increased the lease rent at a whopping rate i.e. @ Rs. 19946/- per acre per annum with escalation of 2% every year and rate revision every five years as against State Government rate of Rs. 120/- per acre annum and escalation 15% after every 3 years.

We request you to kindly look into the matter and consider the lease rent of State Government land while finalizing the salt lease rent rate. The procedure to finalise SOR based on highest figure from five factors as per land Policy Guide Lines is totally baseless as we have to compete with manufactures of salt on lease of State land.

ii) Since Deendayal Port Trust already charging 2% escalation on lease rental every year to compensate the market value of the land. Revision of rate should be implemented once in 10 years instead of 5



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Office : BBZ - South - 49 & 50, Zanda Chowk, Gandhidham (Kachchh) 370201  
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Reg. No. GUJ/2019/KUTCH

E-Mail : kandlasalt2013@gmail.com



President :  
**B. B. Humbal**  
M.: 98254 91041



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M.: 98252 26011



Secretary :  
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years so that we can provide the projected Financial data to our bank for availing credit facility due to reasons that bank generally grant credit facility based on 8-10 year projection.

iii) At present DPT is charging lease rent for full year from very 1<sup>st</sup> day of commencement of lease period. Since lease rental hike is 138 time than the previous rate and also 18% GST is applicable on the same it is difficult for the industry to pay entire amount of lease rental for whole year on 1<sup>st</sup> day of commencement of lease period. Our humble suggestion is that taking into consideration the present economic scenario through which industry is passing on, kindly pass on necessary instruction to DPT officials to consider payment of lease rent by quarterly installments so that the lessee should not suffer. An appropriate instruction from your side will not only survive the industry from present financial crunch but will also boost their confidence to continue their business.

iv) The reduction in rate of interest from stipulated 18% to a reasonable level which may be linked to either SBI base rate or SBI MCLR or can also be stipulated at 1% or 2% above the maximum rate of interest payable on term deposits by SBI or 1 or 2% above the Bank rate fixed by RBI. Since our **interest free deposit** with DPT is equivalent to two years lease rent, charging of 18% on delay payment is on very higher side.

v) Sir, as you are aware that Deendayal Port Trust started auction of land after land policy guide line 2014 and clarification vide letter No. PD.13017/2/2014/PD.IV dated 17.07.2015 has come into force. Relevant para No. 11.2(d) of the clarification as referred above states as under:-



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**Parasmal Nahta**  
M.: 98252 25181

Quote:

*"Land shall be leasedxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx The discount factor would be the longest term G-sec rate as per the latest RBI bulletin. In both cases, the Port shall keep equivalent of two years rentals as security deposit."*

Unquote :

Port trust is only accepting cheque/demand draft. Our humble suggestion is that DPT should consider the proposal of acceptance of security deposit either in the form of Bank Guarantee of Nationalised Bank or in the form of demand draft/cheque in Tender-cum-e-auction invited after coming into force of Land Policy Guide Lines-2014 and if find appropriate to issue necessary direction to the concerned department.

vi) Transfer of lease -Transfer Fee-Clause No. 12A(ii):-

Quote :

*"In case of leases granted on annual lease rent basis :-*

*In case of leases granted on annual lease rent basis transfer may be allowed subject to :-*

- (a) An undertaking for payment of the annual lease rental for the balance period and*
- (b) A fee equivalent to 50% of the total lease rent payable by the original lessee upto the time of transfer.*

Unquote :-

Sir, this clause is very unviable and hard to digest and will discourage the lessee to invest in Port land. Suppose one lessee invest an amount of Rs. 100 crores on DPT land and after a period of ten years or so if they wants to sale out this property, then in that case they have to incur more than 75% of their investment in said land as Transfer fees.

We therefore request you to kindly take up the matter with the appropriate authority so that a reasonable amount should be worked out which should not be more than one year's lease rental. This will also be helpful in attracting the investment in Port Land.



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vii) We would like to invite your attention to Clause No. 13 of LPG-2014 wherein at point No. (a) (iii) it is mentioned that market value of land and SOR should be derived based on "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". It may be submitted that the practice of deriving the market value of land and SOR on the basis of Higher accepted tender-cum-auction rate is seems to be illogical because some time due to market rivalry competitor in the same business try to jack up the price of the land to destroy the opposition party/business rival in the trade. We suggest that, instead of taking the highest rate of auction for deriving the SOR weighted average rate of the land should be taken based on last 5 or 10 instances of auction of the land. The above proposition can be described by way of an example as under :-

| Auction              | Area in acres | Price per acre | Total rent in crores<br>(area x price) |
|----------------------|---------------|----------------|----------------------------------------|
| 1 <sup>st</sup> time | 1500          | 21000          | 3.15                                   |
| 2 <sup>nd</sup> time | 2000          | 25000          | 5.00                                   |
| 3 <sup>rd</sup> time | 2500          | 40000          | 10.00                                  |
| 4 <sup>th</sup> time | 3000          | 20000          | 6.00                                   |
| 5 <sup>th</sup> time | 3500          | 21000          | 7.35                                   |
| Total                | 12500         |                | 31.50                                  |

In the instances cited above as per para 13 a(iii) the highest value of SOR is Rs. 40000 per acre whereas as per weighted average method it works out to Rs. 25200 per acre because at the time of 3<sup>rd</sup> auction due to market rivalry the rate of land jack up upto Rs. 40000 per acre whereas in the auction took place after that highest bid was of Rs. 20000 & 21000 only which clearly shows that the rate quoted at the time of 3<sup>rd</sup> auction was only an hypothetical rate for destroying the



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competitor in the market. It may also be noted that the use of land in all the five auctions remains same.

viii) Mortgage fees :- Sir, earlier Deendayal Port Trust were used to charge highest mortgage fees of Rs. 7500/-. Now they are charging on percentage of loan amount which is as under :-

| Amount of loan raised            | Mortgage fee payable on the "Land Value" of land allotted |
|----------------------------------|-----------------------------------------------------------|
| Less than Rs. 1.00 crore         | 1%                                                        |
| Rs. 1 crore to Rs. 10 Crores     | 0.8%                                                      |
| Rs. 10 Crores to Rs. 50 Crores   | 0.7%                                                      |
| Rs. 50 Crores to Rs. 100 Crores  | 0.6%                                                      |
| Rs. 100 Crores to Rs. 300 Crores | 0.5%                                                      |
| Rs. 300 Crores to Rs. 500 Crores | 0.4%                                                      |
| Rs. 500 Crores and above         | 0.25%                                                     |

Sir, above method of charging mortgage fees is very higher side. In our opinion earlier method was very proper and request you to kindly amend the present method of charging mortgage fee suitably.

Further, DPT should obtain Environment Clearance (EC) & Coastal Regulation Zone (CRZ) prior to inviting tender for new land. As, there certain examples in which DPT has auctioned land; but successful bidder till date is unable to commence his work due delay in getting EC & CRZ clearance. Due to this reason the project gets either delayed or project is scrapped due high and un-projected financial cost which includes lease rent of the land till actual commencement of the project.



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Lastly, we draw your attention towards operationally problem faced by Salt Exporter likely demurrage, contamination of cargo etc. To overcome such situation we request to kindly instruct DPT to provide priority berthing for salt vessel and also provide dedicated clean deep draft berth.

With deep regards,

Yours faithfully,  
For Shree Kandla Salt Lease Holder Welfare Association,

B. B. Humbal  
PRESIDENT

Sd/-



— COPY —

**THE GANDHIDHAM  
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No. GCCI / 080

Date:03.05.2018

Shri Sanjay Bhatia,  
Chairman,  
Deendayal Port Trust,  
Gandhidham – Kachchh

**Sub: Salt Exports - Request to preferences**

Dear Sir,

This has reference to the caption subject and as you are very well aware that salt being one of the major export cargo with the significant share to the tune of 7 million tons to achieve 110 MMT target by DPT in the last financial year.

We would like to bring to your kind notice that salt exporters are facing severe operational problems at DPT although salt is a local product of Kachchh District. Further salt is very low value commodity with very thin margins and the ocean freight place a major role in the salt export business. Since the Indian salt market is facing stiff competition by the global leaders like Australia and Mexico in the world market, salt exporters need extreme logistic / operational support from the port trust to face the stiff competition and increase share of exports. However, salt handling is treated like other commodity handling at DPT although it deserve preferential treatment.

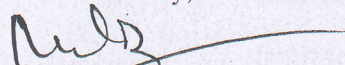
Therefore, our sincere request to your good self to kindly consider our following suggestions for preferential treatment to salt export at Deendayal Port.

- 1) To provide priority berthing and very importantly dedicated clean deep draft berth allotment.
- 2) To allocate berth no. 13 exclusively for salt which will avoid contamination with other dirty cargo to comply and maintain strict important standard of the global market. Also a quick turnaround and the deep draft will help salt exporters to maintain stable freight cost to face the competition in the global market. This will lead to increase in the volumes year on year by Deendayal Port.

We hope, you will positively consider our suggestions for preferential treatment to salt export from Deendayal Port.

Thanking you.

Yours faithfully,

  
Murlidhar Jagani  
Hon. Secretary

1) Copy to: Dy. Chairman – DPT

2) Su. Tarbhum A. Singani, CIM



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E-Mail : kandlasalt2013@gmail.com



President :  
**B. B. Humbal**  
M.: 98254 91041



Vice President :  
**Sukhraj Singhvi**  
M.: 98252 26011



Secretary :  
**Vijay Soni**  
M.: 89800 18334



Joint Secretary :  
**Harish Thacker**  
M.: 98792 08687



Treasurer :  
**Parasmal Nahta**  
M.: 98252 25181

Date: 30<sup>th</sup> April, 2018

To,  
The President  
Gandhidham Chamber of Commerce & Industries  
Gandhidham.

Sub: Salt exports – Request for preferences

Dear Sir,

With reference to above subject and as you are well aware that salt being one of the major export cargo and share of salt was to the tune of 7 million tones, which was a major contribution to achieve 110 Million mts target in the last financial year by DPT.

Salt being a local product but unfortunately salt exports are facing severe operational problems at the ports which we would like to bring to your kind notice. Kindly note salt is very low value commodity with very thin margins and the ocean freight place a major role in the salt export business. Since the Indian salt market is facing stiff competition by the global leader likes Australia & Mexico in the world market. To face the stiff competition and increase our share of exports we need extreme logistic/ operational support from the port trust. Unfortunately salt is also treated like other commodity which are being handled at port,



# SHRI KANDLA SALT LEASE HOLDER WELFARE ASSOCIATION

Office : BBZ - South - 49 & 50, Zanda Chowk, Gandhidham (Kachchh) 370201  
Phone No.: +91-2836-225090, 225091 Fax : +91-2836-225092

Reg. No. GUJ/2019/KUTCH

E-Mail : kandlasalt2013@gmail.com



President :  
**B. B. Humbal**  
M.: 98254 91041



Vice President :  
**Sukhraj Singhvi**  
M.: 98252 26011



Secretary :  
**Vijay Soni**  
M.: 89800 18334



Joint Secretary :  
**Harish Thacker**  
M.: 98792 08687



Treasurer :  
**Parasmal Nahta**  
M.: 98252 25181

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therefore our sincere request to your good self kindly represent our request to Deendayal port trust is to provide priority berthing and very importantly dedicated clean deep draft berth, Currently berth no 13. This will avoid contamination with dirty cargo which is very important in the global market, also a quick turnaround and the deep draft will help us to maintain stable freight cost to face the competition in the global market. Therefore we request to kindly allocate berth no 13 exclusively for salt. We assure that this will increase the volumes year on year by this port.

Thanking you

Yours Truly,  
Shri Kandla Salt Lease Holder Welfare Association

Secretary