

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 / 464

Date: 11.01.2018

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| Shri Nitin Gadkari, Hon. Minister of Road Transport Highway & Shipping, Transport Bhawan – 1, Sansad Marg, New Delhi – 110 001 | Shri Manshukhbhai Mandavia Minister of State Chemicals and Fertilizers, Shipping, Road Transport and Highways Transport Bhawan, Sansad Marg, New Delhi-110001 | Shri Gopal Krishna, Secretary (Shipping) Ministry of Shipping, Government of India 1, Sansad Marg, New Delhi - 110 001 |
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Sub: Development of Smart Industrial Port City (SIPC) Kandla by Deendayal Port Trust

Dear Sir,

The Gandhidham Chamber of Commerce welcome the move to float tender no. Cont-04/2017 for industrial plots at SIPC – Kandla.

However, the business fraternity expect certain clarification in this regards as detailed below:

- 1) The Port Trust intends to allot fully developed land on upfront basis for 60 years by charging rates ranging from Rs. 3660/- to Rs. 3990/- per Sq. Mtr. Incidentally, this rate when compared to the rate charged by the Port Trust as annual Lease Rent for land which is very much in the vicinity of Land meant for SIPC is far cheaper. The Port Trust has fixed Reserve Price for its G Category Land at Rs. 960.57 per sq. mtr. per annum which has an inbuilt provision for annual escalation @ 2% besides being subject to revision over a period of 5 years. We would like to mention that by mentioning this it is not aimed that the Port should align the two rates but the only purpose to highlight this anomaly is to :
 - a) Avoid a situation where the installations that may come up in the SIPC directly come into confrontation with the liquid tank terminals which are paying disproportionately high lease rent for Port's Land.
 - b) Ultimately have certain provisions/restrictions on use of land by units in SIPC to ensure that the Port's existing revenues from the Land leased out by it to various lessees for terminal purposes remain unaffected and safeguarded. At the same time, the Port's ability to auction the remaining land for such purposes remains intact.
- 2) The contents of the table incorporated in the Tender form mentions that the plots can be used for the purpose of "Furniture Industry, Edible Oil Industry, Engineering and Fabrication etc." As it is, there is huge scope for setting up of Edible oil Industries in the proposed City for trading of imported oil in the form of Crude as well as Refined for sale without the cargo undergoing any processing at SIPC.

In that scenario, if the units in SIPC start making use of the land allotted to them for such import of crude & refined oil for the purpose of trading/industry for storage purposes – of their own as also cargo imported by other parties, this would result in all the installations on the Port's Land becoming unviable just because of high lease rentals which they are presently paying to the Port Trust. At present, an area of 967708 sq. mtr. of the Port Land has been under use by the Private Terminals other than the land used by the PSUs. Which has been yielding an enormous sum of money to the Port Trust. Even when calculated at the minimum reserve price of Rs. 960.57 per sq. mtr. p.a.(after taking into account the yearly escalation for 3 years) the amount of lease rent received by the Port Trust comes to a staggering amount i.e. Rs. 92.96 crores per year translating into over Rs. 2789 crores over the lease period of 30

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years. Over and above the yearly lease rent, the Port Trust gets huge amount in the form of interest free security deposit equivalent to 2 years' lease rental. The Port Trust has, therefore, to examine the issue of utilization of land in SIPC and stipulate certain provisions which should enable it to safeguard its existing revenues from such land. At the same time when this is ensured, the Port will be ensuring that the terminals on its own land are not put to any such disadvantageous situation when compared to any such industry in SIPC.

- 3) The use of the word "et cetera" while mentioning the purposes for which the land may be put to use leads to ambiguity and discretion and thus the Port will be well advised to remove this ambiguity and clearly specify the type/nature of industry that can be set up in SIPC and also what activity by any such industry can be undertaken and what activity would be forbidden. We would like to lay emphasis on the fact that the proposed City is meant for Industrial (manufacturing) activity as is evident from its name. As such it should be clarified whether the units in SIPC will be allowed to engage in trading activity besides their activity of manufacturing and whether the industry may let out its facilities to others by providing service of storage etc. If it is intended not to allow any trading activity and providing of services to others, how is this going to be controlled by the Port Trust? This would need to be addressed right at the inception stage to avoid any such problem at a future date leading to confrontation.
- 4) The Tender conditions stipulate that the Lessee cannot surrender the plot within the first five years from the commencement of the Lease. In such cases of surrender, it needs to be clarified what would happen to the investments made by the Lessee for creating infrastructure at the site. How the Port proposes to compensate the Lessee for such assets created by him?

While wishing every success to SIPC project of Deendayal Port Trust, we request for the clarification of the above points so that local business fraternity can participate in this dream project.

Thanking you,

Yours faithfully,

Murlidhar Jagani
Hon. Secretary

- Copy to: 1) Shri Vinod Chavda, Member of Parliament (Kachchh – Morvi Constituency)
2) Shri Ravi Parmar, Chairman, Deendayal Port Trust
3) Shri Alok Singh, Dy. Chairman, Deendayal Port Trust
4) Shri Tribhuvan Singhvi, Friends Group