

Executive Summary

A performance audit was conducted to assess the extent of clarity in the policy guidelines for land management in major ports and whether these were consistently and uniformly applied across the ports. The manner of implementation of the guidelines was also test checked across ports.

Though the guidelines issued in 1995 were reviewed and revised policies were issued in 2004, 2010 and 2014, the revisions were restricted to certain issues only. There was ambiguity and absence of clear direction to the ports including in the guidelines of 2014.

(Para 2.1)

Out of the total land holdings of 77191.14 acres, title deeds were not available for 34943.41 acres representing 45.27 *per cent* of total land holdings. Further examination also revealed that six ports did not have title deeds for their entire land holdings of 28816.08 acres, while other seven ports possessed title deeds only for partial land under their possession.

(Para 3.1.4.1)

Paradip Port Trust (PPT) did not take necessary steps to complete mutation process to obtain title deeds for 186.81 acres of land which stood recorded in favour of old tenants.

(Para 3.1.3.1 (ii))

Discrepancies between land holdings as per records maintained at ports and state revenue authorities concerned were noticed. Similarly, discrepancy was also noticed in records maintained by different departments of ports.

(Para 3.1.4.2)

Records maintained by the ports were not accurate and updated to reflect the real position of encroachment, and port managements did not take action to remove encroachments and repossess land under their custody. Audit examination revealed encroachment of land admeasuring 396.44 acres of land in nine out of 12 ports, whereas the ports had reported 273.98 acres of encroached land.

(Para 3.2)

Though the matter was taken up with the Ministry for approval for extending the lease period beyond 30 years, ports were not successful in obtaining the approval, which, in turn, indicated that the follow-up mechanism in ports was either not effective or the same was not available. In five ports, 42 cases were noticed where delay in according approval for renewal of leases ranged from one to 31 years.

(Para 3.3.1)

Approval of tariff proposal for revision of Scale of Rates (SoR) submitted by ports took two years and four months to 11 years and 10 months. The main reason for the delayed approval was either incomplete proposal or that it was not prepared in accordance with the process outlined in the land policy guidelines issued by the Ministry. The consequent monetary impact could not be ascertained in the absence of approved SoR from Tariff Authority for Major Ports (TAMP). In an illustrative case, audit noticed that Kandla Port Trust (KPT) was not able to recover lease rent amounting to ₹ 132.55 crore out of a total claim of ₹192.09 crore due to delay in submission and approval of SoR.

(Para 3.4 & 3.4.1)

The policy guidelines of 1995 and 2004 stipulated that SoR should be revised every five years, and lease agreement should contain relevant provisions to protect port's interest. Therefore, lease agreements by ports should have specific provision to incorporate SoR revision and other aspects. During the course of audit, cases of non inclusion of revision of lease rent in agreement, occupation beyond permissible area, non levy of penal interest and subletting of leased area were noticed.

(Para 3.5)

Policy guidelines issued in 2010 stipulated, as one of the administrative reforms measures, that ports should computerize entire land management system in a Geographical Information System (GIS) based system. However, none of the ports, except Cochin Port Trust (CoPT), came out with a computerized land management initiative.

(Para 3.6)

Audit suggested the following recommendations for consideration and implementation by the Ministry and ports for improving the performance and rectifying the deficiencies highlighted in this report.

1. The Ministry should review the existing guidelines and policies to formulate a comprehensive policy to deal with all issues relating to land management to avoid multiplicity of guidelines/policies and ambiguity in the extant guidelines/policies, taking into account the provisions of MPT Act, 1963.
2. Guideline issued in 2014 policy to deal with constructed permanent structures inside custom bond area in relation to allotments made in previous periods may be revisited so that inherent constraints in the proposed mechanism are removed.
3. All critical terms and phrases in relation to land allotment and allied activities may be clearly defined to avoid inconsistent treatment by individual ports.

4. An arrangement may be evolved for minimizing the time required to resolve issues where Ministry's approval was required by delegating certain powers to the ports.
5. A review mechanism may be put in place in the Ministry stipulating at least half yearly review of land management decisions and activities of individual ports, which would help ensure compliance with the policies in vogue.
6. Similarly, a structured quarterly review may be introduced in the ports in order to report status of land management process and procedures to the respective Board vis-à-vis compliance of land policy guidelines.

The Ministry was generally in agreement with the recommendations.